

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1519837-000

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FINANCIAL INSTITUTION FRAUD

To : Omaha File 29B-OM-45866 Date JANUARY 28, 1999
(serial# is mandatory when control file is used)

From : Omaha

Subject aka;
CITIZENS STATE BANK,
POSTVILLE, IOWA - VICTIM;
FIF

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1. Source of Captioned Matter: B

A: Federal Supervisory Agency written referral
B: Financial Institution written referral
C: Other

2. Name of Victim Financial Institution: CITIZENS STATE BANK

3. State of Victim Institution (two letter identifier): IA

4. Type of Victim Institution: A

A: Bank
B: Savings Bank or Association
C: Credit Union
D: Farm Credit Institution
E: Other

5. Regulator : B

A: FRB
B: FDIC
C: NCUA
D: OCC
E: OTS
F: Unknown

6. Type of Loss: A

A: Internal B: External C: Combination D: Unknown

7. Nature of Fraud: L

A: BSA/Struct/Money Lndr
B: Bribery/Gratuity
C: Check Fraud
D: Check Kiting
E: Commercial Loan Fraud
F: Consumer Loan Fraud
G: Counterfeit Check
H: Counterfeit Credit/Debit Card
I: Counterfeit Instrument

J: Credit Card Fraud
K: Debit Card Fraud
L: Defalcation/Embezzlement
M: False Statement
N: Misuse of Position/Self Dealing
O: Mortgage Fraud
P: Mysterious Disappearance
Q: Wire Transfer Fraud
R: Other: _____

8. Action taken: A

A: Case opened/reopened
B: Incorporated into pending investigation
C: No action due to state or local prosecution
D: Amount of loss does not meet prosecutive guidelines
E: Matter presented to USA and prosecution declined
F: Investigation unaddressed - lack of resources
G: No apparent Federal violation
H: Violation under USSS jurisdiction per 1985 MOU

9. Amount of reported loss or loss exposure: \$2,164,250.53

10. Does the reported activity involve a computer or computer network? NO

(Y: Yes; N: No; P: Possibly) If so, circle one of the following:

- (a) Computer intrusion, penetration by outsider
(b) Impairment, disruption of service
(c) Theft of data
(d) Misuse or unauthorized access by insider

DUPLICATE COPY FORWARDED
TO RA ON MAR 15 1999

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Enter into ACS

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/10/99

[redacted] was contacted at the Postville Medical Clinic, 124 W. Green Street, Postville, Iowa, (319) 864-7221. [redacted] was advised of the identity of the contacting Agent and was told that the purpose of the contact was to determine if any medical reasons existed why [redacted] could not be interviewed. [redacted] then provided the following information:

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[redacted] acknowledged that [redacted] was one of his patients, [redacted]

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[redacted] after which she could be interviewed later in the week.

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Investigation on 1/28/99 at Postville, Iowa (telephonically)

b6
b7CFile # 29B-OM-45866 -2Date dictated 2/10/99by SA [redacted]DUPLICATE COPY FOR
TO RA ON 2/24/99

41 [redacted] 42.302



- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/10/99

[redacted] was contacted at the Postville Medical Clinic, 124 W. Green Street, Postville, Iowa, (319) 864-7221. [redacted] was advised of the identity of the contacting Agent and was told that the purpose of the contact was to determine if any medical reasons existed why [redacted] could not be interviewed. [redacted] then provided the following information:

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[redacted] after which she could be interviewed later in the week.

Investigation on 1/28/99 at Postville, Iowa (telephonically)

File # 29B-OM-45866-2 Date dictated 2/10/99

by SA [redacted]

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/10/99

[redacted] Postville Medical Clinic, 124 W. Green Street, Postville, Iowa, (319) 864-7221, was contacted, and advised of the identity of the contacting Agent. [redacted] provided the following information:

[redacted] acknowledged she had left a telephone message at the Waterloo Resident Agency on February 1, 1999, stating that [redacted] could be interviewed, at the Postville Medical Clinic office, on Friday, February 5, 1999. [redacted] stated she had contacted [redacted] who had agreed to the time and place of the interview. [redacted] was advised that the contacting Agent would contact [redacted] to make arrangements for her interview, On Monday, February 8, 1999.

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b7CInvestigation on 2/4/99 at Postville, Iowa (telephonically)File # 29B-OM-45866-3 Date dictated 2/10/99

by SA [redacted]

4 [redacted] 3.3dr

DUPLICATE COPY FOR [redacted]
TO RA ON 2/24/99b6
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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/10/99

[redacted] Postville Medical Clinic, 124 W. Green Street, Postville, Iowa, (319) 864-7221, was contacted, and advised of the identity of the contacting Agent. [redacted] provided the following information:

[redacted] acknowledged she had left a telephone message at the Waterloo Resident Agency on February 1, 1999, stating that [redacted] could be interviewed, at the Postville Medical Clinic office on Friday, February 5, 1999. [redacted] stated she had contacted [redacted] who had agreed to the time and place of the interview. [redacted] was advised that the contacting Agent would contact [redacted] to make arrangements for her interview, On Monday, February 8, 1999.

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Investigation on 2/4/99 at Postville, Iowa (telephonically)

File # 29B-OM-45866-3 Date dictated 2/10/99

by SA [redacted]

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/10/99

[redacted] was contacted at her residence, telephone number [redacted] was advised of the identity of the contacting Agent, and was told that the purpose of the contacted related to her scheduled interview at the Postville Medical Clinic on February 8, 1999.

[redacted] was told that the decision of whether or not to be interviewed was hers to make, and she was also told she was under no obligation to be interviewed. [redacted] was told that if she chose to be interviewed, she could have an attorney, or any one else she wanted, to be present. [redacted] agreed that if she chose to be interviewed, that the Postville Medical Clinic office would be a suitable location. [redacted] was told that while she was the subject of a criminal investigation, she would not be arrested during, or at the conclusion of an interview. [redacted] was told that an interview would allow her to explain to the contacting Agent what had happened at the bank, but again was told that it was her decision to make whether she wanted to be interviewed.

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When [redacted] asked what would happen down the road, it was explained to her that the results of the investigation would be provided to the United States Attorneys Office, where a prosecutive decision would be made, with input from the contacting Agent, concerning her level of cooperation. [redacted] was provided with the telephone number of the Waterloo Resident Agency, and was asked that if she chose not to be interviewed, that she inform the contacting Agent prior to the scheduled date.

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Investigation on 2/4/99 at Postville, Iowa (telephonically)

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File # 29B-OM-45866 -4 Date dictated 2/10/99

by SA [redacted]

DUPLICATE COPY FOR [redacted]
VSD RA ON 2/24/99

41 [redacted] 44-362

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/10/99

[redacted] was contacted at her residence, telephone number [redacted] was advised of the identity of the contacting Agent, and was told that the purpose of the contacted related to her scheduled interview at the Postville Medical Clinic on February 8, 1999.

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[redacted] was told that the decision of whether or not to be interviewed was hers to make, and she was also told she was under no obligation to be interviewed. [redacted] was told that if she chose to be interviewed, she could have an attorney, or any one else she wanted, to be present. [redacted] agreed that if she chose to be interviewed, that the Postville Medical Clinic office would be a suitable location. [redacted] was told that while she was the subject of a criminal investigation, she would not be arrested during, or at the conclusion of an interview. [redacted] was told that an interview would allow her to explain to the contacting Agent what had happened at the bank, but again was told that it was her decision to make whether she wanted to be interviewed.

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Investigation on 2/4/99 at Postville, Iowa (telephonically)

File # 29B-OM-45866 - 4 Date dictated 2/10/99

by SA [redacted]

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/16/99

[redacted] CITIZENS STATE BANK (CSB), Postville, Iowa, telephonically contacted the Waterloo Resident Agency, and provided the following information:

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[redacted] advised that during the process of reconciling CSB's Federal Funds Account, located at FIRST STAR BANK (FSB), auditors had found four additional AGRIPROCESSORS, INC. (AI) checks that were not cleared from the Federal Funds Account. Each of these checks were drawn on an AI account at CITIBANK, in New York, and deposited into AI accounts at CSB.

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[redacted] provided a description of the four AI checks as follows: 1) check dated June 1, 1998 in the amount of \$150,000.00, 2) check dated June 24, 1998 in the amount of \$250,000.00, 3) check dated July 30, 1998 in the amount of \$245,000.00, and 4) check dated either October 21 or 29, 1998, in the amount of \$495,000.00, for a total of \$1,140,000.00.

[redacted] advised the first three checks were returned as unpaid due to stop payments issued by CITIBANK, and the fourth check was returned unpaid and marked as "refer to maker". [redacted] explained that AI did not have the funds to pay these checks in its CITIBANK account, and therefore, they were returned to CSB for collection.

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[redacted] explained that these four checks were found in [redacted] office, and the auditors have determined that to date, CSB has not been paid by AI for the checks. In reviewing entries to the Federal Funds Account, auditors found that in order to reconcile the account at the end of the month, [redacted]

[redacted] After monthly Board of Directors reports were prepared and reviewed, [redacted] would reverse the previous entries, by removing funds from the Federal Funds Account and transferring them back to the other asset accounts.

[redacted] advised he intended to contact AI and demand payment of \$1,140,000.00 from the four unpaid checks.

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Investigation on 2/12/99 at Postville, Iowa (telephonically)

File # 29B-OM-45866-5 Date dictated 2/16/99

by SA [redacted]

DUPLICATE COPY
TO RA ON 2/24/99

47 [redacted] 01.302

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/16/99

[redacted] CITIZENS STATE BANK (CSB), Postville, Iowa, telephonically contacted the Waterloo Resident Agency, and provided the following information:

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[redacted] explained that these four checks were found in [redacted] office, and the auditors have determined that to date, CSB has not been paid by AI for the checks. In reviewing entries to the Federal Funds Account, auditors found that in order to reconcile the account at the end of the month, [redacted]

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[redacted] After monthly Board of Directors reports were prepared and reviewed, [redacted] would reverse the previous entries, by removing funds from the Federal Funds Account and transferring them back to the other asset accounts.

[redacted] advised he intended to contact AI and demand payment of \$1,140,000.00 from the four unpaid checks.

Investigation on 2/12/99 at Postville, Iowa (telephonically)

File # 29B-OM-45866 - 5 Date dictated 2/16/99

by SA [redacted]

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/10/99

[redacted] was contacted at the Postville Medical Clinic, 124 W. Green Street, Postville, Iowa, where she was advised of the identities of the interviewing Agents. Prior to any questioning, [redacted] was told that she was not under arrest, and that she was free to stop answering questions, or could leave at any time. When asked if she was presently taking any medication, [redacted] responded that

[redacted] did not interfere with her ability to make decisions and did not have an adverse effect on her. [redacted] was asked that in view of her [redacted] if she was still comfortable with, and willing to be interviewed, to which she stated that she was. [redacted] was asked if she had any questions, to which she stated no, and [redacted] then provided the following information:

[redacted] advised that she had worked at the CITIZENS STATE BANK (CSB) in Postville for [redacted]. She began as a [redacted]

[redacted] stated that while she could not specifically recall how it came about, she was also assigned to handle a customer's account at CSB for a local business, AGRIPROCESSORS, INC. (AI). AI had several commercial checking accounts at the bank, but did not have any loans. Her primary point of contact at AI was [redacted] or [redacted]. Every business day, usually just before 3:00 p.m., [redacted] or sometimes both, would physically come into

Investigation on 2/8/99 at Postville, Iowa

File # 29B-OM-45866-10 DUPLICATE COPY Date dictated 2/10/99

SA [redacted]
by SA [redacted] TO RA ON 2/24/99

41 [redacted] 01. 302

29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 2/8/99, Page 2

[REDACTED] the bank to bring in the daily deposits, and would meet with [REDACTED] to discuss account balances, and the movement of funds between AI accounts. [REDACTED] added that once in a while, if both [REDACTED] were out of town, [REDACTED] would bring the deposits to the bank. [REDACTED] stated she did not know why they personally delivered the daily deposits, rather than sending another employee or runner. The AI daily deposits mainly consisted of checks from the proceeds of the worldwide sale of kosher products.

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[REDACTED] advised that AI had several accounts at CSB, including a general account, payroll account, main account, poultry account and livestock account. [REDACTED] added that while this seemed like a confusing system, it was the way that the AI bookkeeper set up the accounts at the bank when they were first opened. The proceeds from the daily deposits were generally deposited into the main account, and [REDACTED] would direct [REDACTED] where to transfer funds out of the main account into other accounts. The following day, [REDACTED] would send daily account statements, reflecting the previous days transactions, to AI, via facsimile.

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[REDACTED] stated that AI has had accounts at CSB since the business was first opened in Postville, during the 1987 to 1989 time frame, and while another CSB employee, [REDACTED] had originally dealt with the AI account, he became too busy, and the account was turned over to [REDACTED] has known, and worked with both [REDACTED] since AI first opened its accounts. [REDACTED] assumed that AI was doing well financially, as they did business all over the world.

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[REDACTED] confirmed that CSB utilized FIRST STAR BANK (FSB) as its corresponding bank. [REDACTED] agreed that if a customer's item is returned, such as a check that is returned as uncollected, or non-sufficient funds (nsf), the item should be charged back to the customer's account. [REDACTED] dealt with returned items, including nsf checks, that were returned to CSB. When asked to explain what she would do with returned items, [REDACTED] explained that she would notify the customer, who most of the time would ask [REDACTED] to present the item a second time for payment. If the item was again returned unpaid after the second presentment, [REDACTED] explained that the banking industry generally allows only two presentments for

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29B-OM-45866

Continuation of FD-302 of _____, On 2/8/99, Page 3

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payment, and she would then charge the customer's account for the amount of the item.

_____ admitted that while she should have done so, she had not charged AI accounts for a series of recent checks that were returned as nsf. Periodically in the past, AI had unpaid checks returned, and on these occasions when she contacted AI about these checks, _____ had assured her that funds were available to cover the checks, by showing her balance sheets and bank statements from AI accounts at New York banks, showing sufficient balances, and _____ explained that as soon as the New York banks deemed the balances as collected funds, the returned checks could be paid. When _____ sent these checks through the banking system a second time for payment, the items were paid.

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Concerning the recent series of AI returned checks that _____ had not charged to AI, she recalled it began a couple of months ago, approximately during November of 1998. When she first began receiving returned AI checks, she called _____ who assured her that AI would get the money needed to cover the checks. _____ told her that AI had made building additions to its plant in Postville, but had not gotten enough financing to cover the building project. _____ also told _____ that _____

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_____ was supposed to be selling one or two buildings in New York, and money would be coming from these sales. _____ recalled having telephone conversations with _____ who also assured her that the money would be coming to cover the checks.

_____ advised it was _____ who first asked her to hold returned checks, and not charge them back to AI's accounts. _____ stated there were a couple of bad weeks in November and December of 1998, which she explained meant that several AI checks were returned, and the process of her holding onto unpaid AI checks snowballed and the amount continued to grow larger. During this period, _____ had conversations with both _____ and _____ who both asked her to continue to hold onto the unpaid checks, and both provided assurance that the items would be covered. _____ stated that she realized what she was doing, and believed that both _____ knew what they were asking her to do.

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29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 2/8/99

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[REDACTED] again acknowledged that she had held onto nsf checks for AI, and did not charge them back to AI's accounts. She explained that tellers were responsible for the daily balancing of the bank's internal accounts, including the corresponding account at FSB. Returned items, including the AI returned checks, showed as a debits in CSB's corresponding account at FSB. The tellers would give the daily bank statement for CSB's corresponding account, and all the returned items to [REDACTED] so that she could deal with the returned items. [REDACTED] stated she kept the returned AI checks in a desk drawer in her office, and she did not tell anyone else at the bank what she was doing. During the recent series of returned checks, AI was able to catch up and pay several checks, but new unpaid checks continued coming. [REDACTED] agreed that she, [REDACTED] had all made bad decisions in doing what they did. [REDACTED] believed [REDACTED] when they assured her they would catch up and pay all of the checks. She added that while she did not want to sound prejudiced, that they were Jewish, and as such, had a reputation for being shrewd businessmen.

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[REDACTED] advised that she did not personally take any money from the bank. She denied [REDACTED] offering her, nor did she receive, anything of value from them for holding onto their returned checks. [REDACTED] added that while she never got one thing, she gave up a lot for what she had done. In the past, [REDACTED] had invited her to come to New York to attend barmitzvahs, but she thought they were kidding, and never went. [REDACTED] acknowledged that she knew what she did was wrong, and when asked to explain why, she responded that she tries to see the good in people, and trusted [REDACTED]. She added that all of a sudden, she felt responsible for the company, and all of the employees who work at AI, including [REDACTED] and the employees' families, and how the company effected the whole community. [REDACTED] reiterated that [REDACTED] managed to put her off and tell her that things would turn out right concerning the nsf checks.

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When asked if she knew the aggregate amount of checks she had held for AI when her actions were discovered, [REDACTED] stated she did not want to know the exact figure, and estimated it was over \$1 million. [REDACTED] advised she constantly thought about what she was doing and went through a great deal of stress. [REDACTED] agreed that the reason she had not provided [REDACTED] with all

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29B-OM-45866

Continuation of FD-302 of [REDACTED], On 2/8/99, Page 5

of the pages of the daily report was to hide what she had done from him. Relating to this occasion, [REDACTED] stated that she was tired of the stress and worry, she did not want to have to deal with the situation any more, and something inside told her that she would be caught. When she confessed to [REDACTED] about what she had done, [REDACTED] felt as if a big weight had been removed from her shoulders, although she still felt terrible about what she had done.

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[REDACTED] stated she has had several telephone conversations with [REDACTED] who have called her at her house, and she thanked them for "ruining her life." Both [REDACTED] and [REDACTED] apologized to her, and while they both told her that they would stand behind her, she commented that they had made this statement in the past, and the damage has already been done. [REDACTED] stated she felt they had used her. [REDACTED] advised she had discussed the consequences of her actions with [REDACTED] and [REDACTED] and they continued to assure her not to worry, that they would take care of it.

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[REDACTED] agreed that by not charging the unpaid AI checks back to their accounts, she had technically extended loans to AI with the bank's money, and [REDACTED] added that she had no loan authority at the bank. [REDACTED] did not tell any one else what she was doing, including not telling her family or friends. [REDACTED] agreed that what she had done was a crime, and she agreed that [REDACTED] should also be held responsible for what occurred.

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/10/99

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[redacted] did not interfere with her ability to make decisions and did not have an adverse effect on her. [redacted] was asked that in view of her [redacted] if she was still comfortable with, and willing to be interviewed, to which she stated that she was. [redacted] was asked if she had any questions, to which she stated no, and [redacted] then provided the following information:

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Investigation on 2/8/99 at Postville, IowaFile # 29B-OM-45866-10 Date dictated 2/10/99by SA [redacted]
SA [redacted]b6
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29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 2/8/99, Page 2

[REDACTED] the bank to bring in the daily deposits, and would meet with [REDACTED] to discuss account balances, and the movement of funds between AI accounts. [REDACTED] added that once in a while, if both [REDACTED] were out of town, [REDACTED] would bring the deposits to the bank. [REDACTED] stated she did not know why they personally delivered the daily deposits, rather than sending another employee or runner. The AI daily deposits mainly consisted of checks from the proceeds of the worldwide sale of kosher products.

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29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 2/8/99

, Page 3

payment, and she would then charge the customer's account for the amount of the item.

[REDACTED] admitted that while she should have done so, she had not charged AI accounts for a series of recent checks that were returned as nsf. Periodically in the past, AI had unpaid checks returned, and on these occasions when she contacted AI about these checks, [REDACTED] had assured her that funds were available to cover the checks, by showing her balance sheets and bank statements from AI accounts at New York banks, showing sufficient balances, and [REDACTED] explained that as soon as the New York banks deemed the balances as collected funds, the returned checks could be paid. When [REDACTED] sent these checks through the banking system a second time for payment, the items were paid.

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Concerning the recent series of AI returned checks that [REDACTED] had not charged to AI, she recalled it began a couple of months ago, approximately during November of 1998. When she first began receiving returned AI checks, she called [REDACTED] who assured her that AI would get the money needed to cover the checks. [REDACTED] told her that AI had made building additions to its plant in Postville, but had not gotten enough financing to cover the building project. [REDACTED] also told [REDACTED] that [REDACTED]

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[REDACTED] was supposed to be selling one or two buildings in New York, and money would be coming from these sales. [REDACTED] recalled having telephone conversations with [REDACTED] who also assured her that the money would be coming to cover the checks.

[REDACTED] advised it was [REDACTED] who first asked her to hold returned checks, and not charge them back to AI's accounts. [REDACTED] stated there were a couple of bad weeks in November and December of 1998, which she explained meant that several AI checks were returned, and the process of her holding onto unpaid AI checks snowballed and the amount continued to grow larger. During this period, [REDACTED] had conversations with both [REDACTED] and [REDACTED] who both asked her to continue to hold onto the unpaid checks, and both provided assurance that the items would be covered. [REDACTED] stated that she realized what she was doing, and believed that both [REDACTED] knew what they were asking her to do.

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29B-OM-45866 .

Continuation of FD-302 of [REDACTED]

, On 2/8/99

, Page 4

[REDACTED] again acknowledged that she had held onto nsf checks for AI, and did not charge them back to AI's accounts. She explained that tellers were responsible for the daily balancing of the bank's internal accounts, including the corresponding account at FSB. Returned items, including the AI returned checks, showed as a debits in CSB's corresponding account at FSB. The tellers would give the daily bank statement for CSB's corresponding account, and all the returned items to [REDACTED] so that she could deal with the returned items. [REDACTED]

[REDACTED] stated she kept the returned AI checks in a desk drawer in her office, and she did not tell anyone else at the bank what she was doing. During the recent series of returned checks, AI was able to catch up and pay several checks, but new unpaid checks continued coming. [REDACTED] agreed that she, [REDACTED] had all made bad decisions in doing what they did. [REDACTED] believed [REDACTED] when they assured her they would catch up and pay all of the checks. She added that while she did not want to sound prejudiced, that they were Jewish, and as such, had a reputation for being shrewd businessmen.

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[REDACTED] advised that she did not personally take any money from the bank. She denied [REDACTED] offering her, nor did she receive, anything of value from them for holding onto their returned checks. [REDACTED] added that while she never got one thing, she gave up a lot for what she had done. In the past, [REDACTED] had invited her to come to New York to attend barmitzvahs, but she thought they were kidding, and never went. [REDACTED] acknowledged that she knew what she did was wrong, and when asked to explain why, she responded that she tries to see the good in people, and trusted [REDACTED]. She added that all of a sudden, she felt responsible for the company, and all of the employees who work at AI, including [REDACTED] and the employees' families, and how the company effected the whole community. [REDACTED] reiterated that [REDACTED] managed to put her off and tell her that things would turn out right concerning the nsf checks.

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When asked if she knew the aggregate amount of checks she had held for AI when her actions were discovered, [REDACTED] stated she did not want to know the exact figure, and estimated it was over \$1 million. [REDACTED] advised she constantly thought about what she was doing and went through a great deal of stress. [REDACTED] agreed that the reason she had not provided [REDACTED] with all

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29B-OM-45866

Continuation of FD-302 of [REDACTED], On 2/8/99, Page 5

of the pages of the daily report was to hide what she had done from him. Relating to this occasion, [REDACTED] stated that she was tired of the stress and worry, she did not want to have to deal with the situation any more, and something inside told her that she would be caught. When she confessed to [REDACTED] about what she had done, [REDACTED] felt as if a big weight had been removed from her shoulders, although she still felt terrible about what she had done.

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[REDACTED] stated she has had several telephone conversations with [REDACTED] who have called her at her house and she thanked them for "ruining her life." Both [REDACTED] and [REDACTED] apologized to her, and while they both told her that they would stand behind her, she commented that they had made this statement in the past, and the damage has already been done. [REDACTED] stated she felt they had used her. [REDACTED] advised she had discussed the consequences of her actions with [REDACTED] and [REDACTED] and they continued to assure her not to worry, that they would take care of it.

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[REDACTED] agreed that by not charging the unpaid AI checks back to their accounts, she had technically extended loans to AI with the bank's money, and [REDACTED] added that she had no loan authority at the bank. [REDACTED] did not tell any one else what she was doing, including not telling her family or friends. [REDACTED] agreed that what she had done was a crime, and she agreed that [REDACTED] should also be held responsible for what occurred.

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United States District Court

NORTHERN

DISTRICT OF

IOWA

TO:

SUBPOENA TO TESTIFY BEFORE GRAND JURY

ATTENTION:

SUBPOENA FOR:

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YOU ARE HEREBY COMMANDED to appear and testify before the Grand Jury of the United States District Court at the place, date, and time specified below.

PLACE

U.S. Courthouse, Federal Building
101 - 1st Street S.E.
Cedar Rapids, Iowa

ROOM

Room 226

DATE AND TIME

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YOU ARE ALSO COMMANDED to bring with you the following document(s) or object(s):*

(X)

☐ Please see additional information on reverse

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

CLERK

James D. Hodges, Jr.

DATE

02/22/99

(BY) DEPUTY CLERK

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This subpoena is issued upon application
of the United States of America

NAME, ADDRESS AND PHONE NUMBER OF ASSISTANT U.S. ATTORNEY

AUSA
P. O. Box 74950
Cedar Rapids, Iowa 52407-4950

*If not applicable, enter "none."

To be used in lieu of AO110

FORM OBD-227
JAN. 86

Printed on Recycled Paper

DUPLICATE COPY FORWARDED
TO RA ON 3/5/99

29B-am-45866-7

(01/26/1998)

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 01/26/1999

To: Omaha

From: Omaha

Waterloo RA

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 29B-OM-

Title: [REDACTED]

CITIZENS STATE BANK,
POSTVILLE, IOWA - VICTIM;
FIF

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Synopsis: Recommendation to open and assign case.

Details: On January 25, 1999, [REDACTED] of Citizens State Bank (CSB), Postville, Iowa, provided the following information:

[REDACTED] had been employed at CSB for approximately [REDACTED] On Friday, January 22, 1999, [REDACTED] asked [REDACTED] about why a complete copy of a balance sheet report was not printed, and [REDACTED] was evasive in her answer. On Monday, January 25, 1999, [REDACTED] and another [REDACTED] confronted [REDACTED] admitted that she had been diverting bank funds to cover Non Sufficient Fund (NSF) checks for a bank customer, Agriprocessors, Inc. (AI).

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AI operates a kosher meat processing plant in Postville, and is headquartered in New York, and [REDACTED] was responsible for this account. [REDACTED] stated she did not put any of the bank's funds into her own account, and was trying to help AI out by covering the NSF checks. CSB maintains a clearing account with its corresponding bank, First Star, and [REDACTED] made computer transfers of CSB funds from the First Star account to cover the NSF checks for AI. [REDACTED] determined that as of January 25, 1999, AI had overdrafts of approximately \$1.5 million, AI sent a wire transfer to CSB of about \$1 million, and pledged to reimburse the bank for the remainder of the overdrafts, and to pay interest. [REDACTED] stated that while a loss amount has not been

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201B-NEW

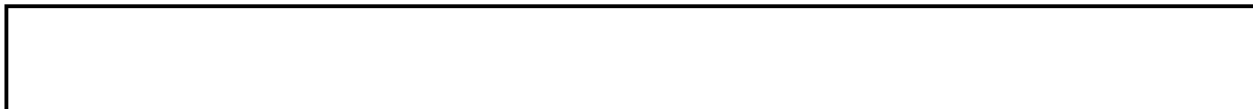
29B-OM-45866-8

1/27/99
DUPLICATE COPY FORWARDED
TO RA ON MAR 15 1999

26 [REDACTED] 2. EC

To: Omaha From: Omaha
Re: 29B-OM-, 01/26/1999

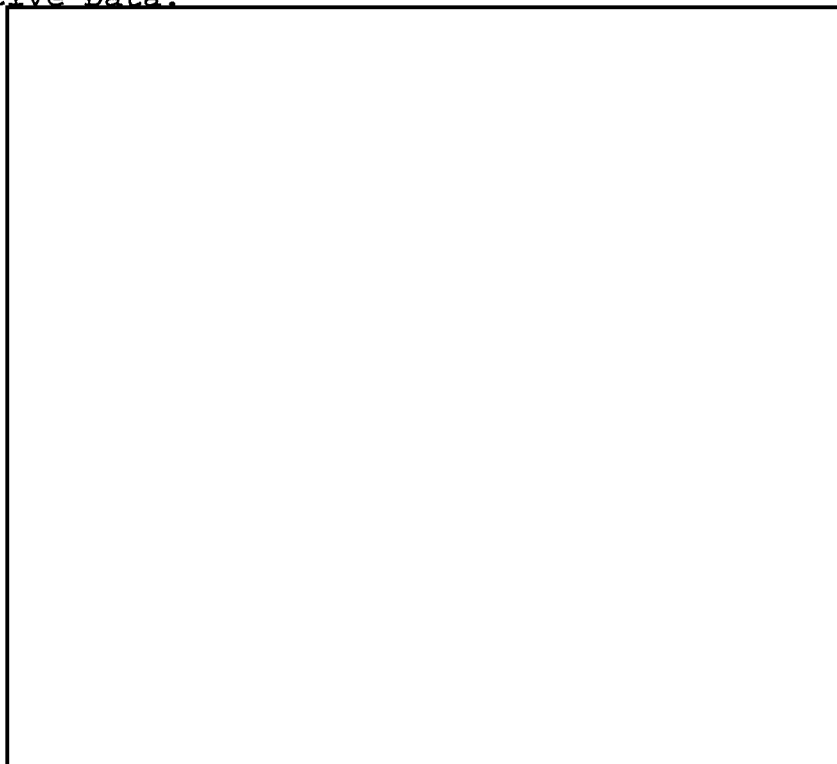
determined, CSB lost interest that would have been earned, from investment in Fed Funds, from the First Star account.



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It is recommended this matter be opened and assigned.

Descriptive Data:



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(01/26/1998)

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 01/25/1999

To: OMAHA

From: OMAHA

6

Contact: [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 29 (Pending)

Title: [REDACTED]

Synopsis: CALL FROM [REDACTED] REGARDING [REDACTED]

Details: [REDACTED] of Citizens State Bank, Postville, Ia., contacted this office at 4:45 P.m., 1/25/99, to advise that an employee of his had confessed to him that she had misappropriated funds to a company in town, covering insufficient funds for them of approximately one and one half million dollars. This employee [REDACTED]

SA [REDACTED] was advised of the above and requested to contact [REDACTED] at the above number.

25 [REDACTED] l.ec

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TO RA ON MAR 15 1999

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FOIA EXEMPT

DUPLICATE COPY FORWARDED
TO RA ON MAR 15 1999

FOIA EXEMPT

29B-om-45866-10

FOIA EXEMPT

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VI.

FOIA EXEMPT

FOIA EXEMPT

VII.

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VIII.

IX.

FOIA EXEMPT

FOIA EXEMPT

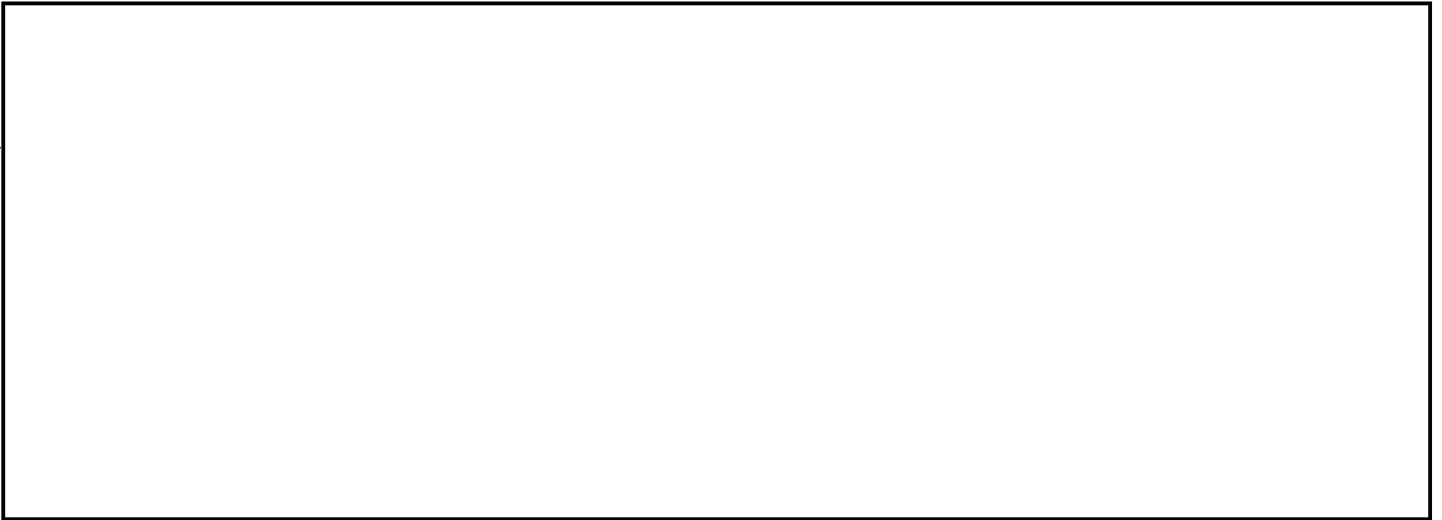
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FOIA EXEMPT

FOIA EXEMPT

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XIII.



DATE SUBMITTED: 1/29/99

10/7/98

FOIA EXEMPT

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/28/99

[redacted] was interviewed at his place of employment, CITIZENS STATE BANK (CSB), 100 N. Lawler, Postville, Iowa, 52162, (319) 864-7615. After being advised of the identity of the interviewing Agent and of the purpose of the interview, [redacted] provided the following information:

[redacted] He has been employed at CSB since [redacted] and is presently [redacted] explained that about [redacted]

[redacted] noted that he and the [redacted] had split the duty of handling returned checks, specifically returned checks that had been drawn on CSB accounts. Due to [redacted] time constraints, [redacted] handled returned checks four days a week, while [redacted] handled them one day a week.

[redacted] added that he is also responsible for maintenance around the bank. and on Friday, January 22, 1999, the bank's [redacted] told [redacted] that the printer was not working, and therefore, the President's daily report could not print. [redacted] fixed the printer at around 9:30 a.m. that day. Later in the day, [redacted] asked [redacted] about the report. [redacted] told [redacted] that the first couple pages of the report were missing, that when he asked [redacted] about this, she did not know where the missing pages were, and [redacted] told [redacted] he also did not know anything about this.

On Monday afternoon, January 25, 1999, [redacted] was in his office dealing with a customer, [redacted] concerning IRAS. [redacted] came into his office, and told [redacted] that he needed him immediately. [redacted] excused himself from [redacted] followed [redacted] into [redacted] office, where they shut the door. When [redacted] arrived, [redacted] was crying and upset. [redacted] stated that she was in trouble, and when asked why, [redacted] responded that she had covered some checks for AGRIPROCESSORS, INC. (AI), and that it had gotten out of hand. When asked what the dollar amount was, [redacted]

Investigation on 1/27/99 at Postville, IowaFile # 29B-OM-45866 -11 Date dictated 1/28/99by SA [redacted]29 [redacted] 42.362

DUPLICATE COPY FORWARDED
TO RA ON MAR 15 1999

29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 1/27/99

, Page

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responded that she did not know, but guessed in the one to two million dollar range. When asked why she had covered the checks, [REDACTED] stated she had just been trying to help out. [REDACTED] also stated that her covering of AI checks had started out small, and that they always promised to cover the checks, but were never able to catch up. When asked who knew about this at AI, [REDACTED] responded that [REDACTED] both knew, and had told her they would cover it, but were never able to do so.

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[REDACTED] stated that [REDACTED] may have also stated that AI had made recent additions to its plant, but the loan commitment had fallen through, leaving AI short of funds. [REDACTED] recalled hearing this from [REDACTED] during a telephone conversation with him later that day, but could not recall if [REDACTED] also told him this information.

[REDACTED] advised that at some point, [REDACTED] left [REDACTED] office, leaving [REDACTED] alone. [REDACTED] then made the statement that he [REDACTED] knew that AI had past returned checks. [REDACTED] agreed with [REDACTED] that he knew of AI past returned checks, but he told her that he did not know that she was covering returned checks for AI. [REDACTED] also asked [REDACTED] what was she going to do, she asked that [REDACTED] not make a big deal about this, and stated several times that they always told her they would take care of, and cover the checks.

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[REDACTED] explained there are four occasions when a check can be returned, marked as either a stop payment, refer to maker, insufficient funds, or as uncollected funds. CSB's practice on dealing with returned checks is that if a check has been returned for the first time, to resubmit the check for payment a second time. If a check is returned again after the second time, the returned check is charged to the customer's account. This was described as a charge back, and [REDACTED] explained that a debit memo is prepared, debiting or charging the customer's account for the check amount, and crediting CSB's corresponding account at FIRST STAR BANK (FSB) for the same amount. [REDACTED] made a distinction between returned checks that have been drawn on CSB accounts, and checks deposited into CSB accounts, and subsequently returned. [REDACTED] added that the previously described handling of returned checks, [REDACTED] dealt only with returned checks written from CSB

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29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 1/27/99

, Page 3

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accounts. The handling of checks deposited into CSB accounts and later returned, would have shown up on the daily statements of CSB's corresponding account at FSB, [REDACTED] was [REDACTED] responsibility to handle.

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[REDACTED] stated that while [REDACTED] was away from the office, [REDACTED] picked up the phone, called AI, and spoke with [REDACTED] who works in the accounting department. [REDACTED] heard [REDACTED] tell [REDACTED] that she needed to speak with [REDACTED] who she knew was in New York, and she asked for the telephone number in New York. After hanging up with [REDACTED] called New York, and spoke with [REDACTED] heard [REDACTED] tell [REDACTED] that she was in trouble, and that they knew. [REDACTED] told [REDACTED] that [REDACTED] was present, and handed the phone to him. When [REDACTED] asked [REDACTED] what was going on, [REDACTED] assured him that the problem would be taken care of, and told [REDACTED] not to panic. When [REDACTED] asked who else knew, [REDACTED] stated that he, [REDACTED] knew what had happened. [REDACTED] asked if [REDACTED] knew, and [REDACTED] told him no. When [REDACTED] told [REDACTED] that he needed [REDACTED] telephone number, [REDACTED] responded that [REDACTED] was with him, and put [REDACTED] on the phone with [REDACTED] also told [REDACTED] not to worry, that they would take care of the problem, and it was no big deal.

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[REDACTED] advised that when [REDACTED] came back into [REDACTED] office, he put [REDACTED] on the phone with [REDACTED]

[REDACTED] arrived at the bank. When [REDACTED] asked what was going on, [REDACTED] explained there was a problem with misappropriated funds. [REDACTED] asked if the amount was over \$100,000.00, and [REDACTED] stated it was more than that. [REDACTED] told [REDACTED] that it was her problem, and that he [REDACTED] did not need to be at the bank. When [REDACTED] arrived at the bank, [REDACTED] then left [REDACTED]

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[REDACTED] advised that after leaving [REDACTED] he telephoned [REDACTED] at the AI facility in Postville, as both [REDACTED] were in New York. [REDACTED] explained that [REDACTED] generally handled the banking for AI, and in his absence, [REDACTED] did the banking. Either [REDACTED] would physically come into CSB on a daily basis, generally at around 3:00 p.m., to discuss their accounts with [REDACTED] When [REDACTED] spoke with [REDACTED]

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29B-OM-45866

Continuation of FD-302 of [redacted], On 1/27/99, Page 4

[redacted] he told [redacted] that AI had a big problem, and the bank needed money. [redacted] responded that he had already spoken with [redacted] and [redacted] and was aware of the situation. Prior to calling [redacted] [redacted] had done some quick calculations to try and determine how much money [redacted] had covered for AI. [redacted] explained that he reviewed recent daily account statements of CSB's corresponding account at FSB, totaled the debits shown in the account, for an approximate total of \$1,764,000.00. [redacted] quoted this figure to [redacted] and told him the bank needed a wire transfer for that amount today. Later in the day, CSB received wire transfers from various AI account in New York of \$1,059,000.00. On the same day, AI also deposited third party checks totaling approximately \$560,000.00.

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[redacted] advised he took the trash can from [redacted] office, and among the items in the trash can, he found a faxed notice that an AI check for \$380,000.00 would be returned to CSB. Later that evening, [redacted] found [redacted] personal account statements in her office, and in reviewing them, found no unusual transactions.

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[redacted] stated that [redacted] told him that he [redacted] had found the missing pages of the daily report in [redacted] office. The report reflected that CSB's corresponding account at FSB had a balance of approximately \$306,000.00. [redacted] explained that CSB generally maintains a minimum of \$2 million in its corresponding account, and the balance fluctuates between \$2 and \$4 million. After daily checks are cleared through the account, excess funds are invested in overnight fed funds. The balance of the corresponding account was at a low level due to the fact that when deposited AI checks had been returned, CSB's account had been debited for the check amounts, and [redacted] had not completed charge backs to transfer money from AI accounts into CSB's corresponding account.

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[redacted] advised that on Tuesday, January 26, 1999, he looked further in [redacted] office, and found ten to fifteen of the original AI checks that had been returned to CSB, but not charged back to AI. [redacted] reconciled the individual checks to debits shown on CSB's corresponding account at FSB. [redacted] noted that on some occasions, when AI had excess funds, [redacted] made partial credits to CSB's corresponding account from AI. On the same day, CSB received a wire transfer from AI of \$1,030,000.00,

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29B-OM-45866

Continuation of FD-302 of , On 1/27/99, Page 5

and made deposits of third party checks of around \$350,000.00.
On Wednesday, January 27, 1999, completed the charge
backs, crediting CSB's corresponding account and debiting AI
accounts.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/28/99

[redacted] was interviewed at his place of employment, CITIZENS STATE BANK (CSB), 100 N. Lawler, Postville, Iowa, 52162, (319) 864-7615. After being advised of the identity of the interviewing Agent and of the purpose of the interview, [redacted] provided the following information:

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[redacted] noted that he and the [redacted] had split the duty of handling returned checks, specifically returned checks that had been drawn on CSB accounts. Due to [redacted] time constraints, [redacted] handled returned checks four days a week, while [redacted] handled them one day a week.

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On Monday afternoon, January 25, 1999, [redacted] was in his office dealing with a customer, [redacted] concerning IRAS. [redacted] came into his office, and told [redacted] that he needed him immediately. [redacted] excused himself from [redacted] followed [redacted] into [redacted] office, where they shut the door. When [redacted] arrived, [redacted] was crying and upset. [redacted] stated that she was in trouble, and when asked why, [redacted] responded that she had covered some checks for AGRIPROCESSORS, INC. (AI), and that it had gotten out of hand. When asked what the dollar amount was, [redacted]

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b7CInvestigation on 1/27/99 at Postville, IowaFile # 29B-OM-45866 -11 Date dictated 1/28/99by SA [redacted]

29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 1/27/99, Page 2

[REDACTED] responded that she did not know, but guessed in the one to two million dollar range. When asked why she had covered the checks, [REDACTED] stated she had just been trying to help out. [REDACTED] also stated that her covering of AI checks had started out small, and that they always promised to cover the checks, but were never able to catch up. When asked who knew about this at AI, [REDACTED] responded that [REDACTED] both knew, and had told her they would cover it, but were never able to do so.

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[REDACTED] dealt only with returned checks written from CSB

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Continuation of FD-302 of [REDACTED]

, On 1/27/99

, Page 3

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accounts. The handling of checks deposited into CSB accounts and later returned, would have shown up on the daily statements of CSB's corresponding account at FSB, [REDACTED] was [REDACTED] responsibility to handle.

[REDACTED] stated that while [REDACTED] was away from the office, [REDACTED] picked up the phone, called AI, and spoke with [REDACTED] who works in the accounting department. [REDACTED] heard [REDACTED] tell [REDACTED] that she needed to speak with [REDACTED] who she knew was in New York, and she asked for the telephone number in New York. After hanging up with [REDACTED] called New York, and spoke with [REDACTED] heard [REDACTED] tell [REDACTED] that she was in trouble, and that they knew. [REDACTED] told [REDACTED] that [REDACTED] was present, and handed the phone to him. When [REDACTED] asked [REDACTED] what was going on, [REDACTED] assured him that the problem would be taken care of, and told [REDACTED] not to panic. When [REDACTED] asked who else knew [REDACTED] stated that he, [REDACTED] knew what had happened. [REDACTED] asked if [REDACTED] knew, and [REDACTED] told him no. When [REDACTED] told [REDACTED] that he needed [REDACTED] telephone number, [REDACTED] responded that [REDACTED] was with him, and put [REDACTED] on the phone with [REDACTED] also told [REDACTED] not to worry, that they would take care of the problem, and it was no big deal.

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[REDACTED] advised that when [REDACTED] came back into [REDACTED] office, he put [REDACTED] on the phone with [REDACTED] [REDACTED] arrived at the bank. When [REDACTED] asked what was going on, [REDACTED] explained there was a problem with misappropriated funds. [REDACTED] asked if the amount was over \$100,000.00, and [REDACTED] stated it was more than that. [REDACTED] told [REDACTED] that it was her problem, and that he [REDACTED] did not need to be at the bank. When [REDACTED] arrived at the bank, [REDACTED] then left [REDACTED]

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29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 1/27/99

, Page 4

[REDACTED] he told [REDACTED] that AI had a big problem, and the bank needed money. [REDACTED] responded that he had already spoken with [REDACTED] and [REDACTED] and was aware of the situation. Prior to calling [REDACTED] [REDACTED] had done some quick calculations to try and determine how much money [REDACTED] had covered for AI. [REDACTED] explained that he reviewed recent daily account statements of CSB's corresponding account at FSB, totaled the debits shown in the account, for an approximate total of \$1,764,000.00. [REDACTED] quoted this figure to [REDACTED] and told him the bank needed a wire transfer for that amount today. Later in the day, CSB received wire transfers from various AI account in New York of \$1,059,000.00. On the same day, AI also deposited third party checks totaling approximately \$560,000.00.

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[REDACTED] advised he took the trash can from [REDACTED] office, and among the items in the trash can, he found a faxed notice that an AI check for \$380,000.00 would be returned to CSB. Later that evening, [REDACTED] found [REDACTED] personal account statements in her office, and in reviewing them, found no unusual transactions.

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[REDACTED] stated that [REDACTED] told him that he [REDACTED] had found the missing pages of the daily report in [REDACTED] office. The report reflected that CSB's corresponding account at FSB had a balance of approximately \$306,000.00. [REDACTED] explained that CSB generally maintains a minimum of \$2 million in its corresponding account, and the balance fluctuates between \$2 and \$4 million. After daily checks are cleared through the account, excess funds are invested in overnight fed funds. The balance of the corresponding account was at a low level due to the fact that when deposited AI checks had been returned, CSB's account had been debited for the check amounts, and [REDACTED] had not completed charge backs to transfer money from AI accounts into CSB's corresponding account.

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[REDACTED] advised that on Tuesday, January 26, 1999, he looked further in [REDACTED] office, and found ten to fifteen of the original AI checks that had been returned to CSB, but not charged back to AI. [REDACTED] reconciled the individual checks to debits shown on CSB's corresponding account at FSB. [REDACTED] noted that on some occasions, when AI had excess funds, [REDACTED] made partial credits to CSB's corresponding account from AI. On the same day, CSB received a wire transfer from AI of \$1,030,000.00,

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29B-OM-45866

Continuation of FD-302 of , On 1/27/99, Page 5

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and made deposits of third party checks of around \$350,000.00.
On Wednesday, January 27, 1999, completed the charge
backs, crediting CSB's corresponding account and debiting AI
accounts.

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/28/99

[redacted] Citizens State Bank (CSB),
was interviewed at his place of employment, 100 N. Lawler.
Postville, Iowa, 52162, (319) 864-7615. [redacted]

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[redacted] After being advised of the
identity of the interviewing Agent and of the purpose of the
interview, [redacted] provided the following information:

[redacted]
[redacted] added that CSB has fifteen employees. [redacted]
began her employment at CSB during [redacted]

[redacted] In her position,
[redacted] was responsible for [redacted] including the

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[redacted] reported directly to
[redacted] concerning operational matters, and she reported directly to
the Board of Directors concerning compliance issues.

[redacted] advised that in retrospect, he had observed some
unusual behavior by [redacted] in the recent past. [redacted] explained
that in the past thirty to forty-five days, [redacted] seemed
unusually interested in whom [redacted] was having telephone
conversations with, including [redacted] answering the telephone,
which is not part of her job, and when a caller for [redacted] was on
hold, [redacted] would get on the line and asked for the caller's
identity.

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[redacted] stated that he receives and reviews a daily
report, which is a print out of the bank's balance sheet (general
ledger accounts) and profit and loss figures. On Friday, January
22, 1999, when [redacted] had not received the daily report, he asked
[redacted] about the report, and she
referred [redacted] to [redacted] asked [redacted] to provide him with
the report, and later that day while reviewing the report, [redacted]
noticed that the first couple of pages were missing. These pages
would have listed general ledger balances for asset accounts.
When [redacted] asked [redacted] about the missing pages, [redacted]
responded that somehow the entire report had not printed. [redacted]

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Investigation on 1/27/99 at Postville, Iowa

File # 29B-OM-45866 - 12 Date dictated 1/28/99

by SA [redacted]

DUPLICATE COPY FORWARDED
TO RA ON MAR 15 1999

28 [redacted] 01.362

29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 1/27/99, Page 2

did not believe [REDACTED] explanation, as he noticed that a half of line of text was printed along the bottom perforation of the top page. When [REDACTED] confronted [REDACTED] again, [REDACTED] became angry that [REDACTED] did not believe her explanation. [REDACTED] then called FIRST STAR BANK (FSB), which is CBS's correspondent bank that performs data processing for CSB, but was unable to get hold who he wanted to talk to about the daily report. While at his residence that night, [REDACTED] got a telephone call from [REDACTED] who told him that the entire daily report had been printed for that day, and that [REDACTED] had the missing pages.

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On Monday, January 25, 1999, at a scheduled morning employee meeting, [REDACTED] told the employees that he would not tolerate employees censoring his telephone calls, or trying to find out who he was having conversations with. [REDACTED] noted that [REDACTED] did not go out to lunch that day, and later in the afternoon, [REDACTED] took a Community Reinvestment Act related report to [REDACTED] in her office, so that she could file the report with her records. While in her office, [REDACTED] asked [REDACTED] if there was anything she wanted to tell him, and that he knew the entire daily report for Friday had been printed, yet she had kept some of the pages. [REDACTED] started to cry, and stated that sooner or later, she knew that they would find out. [REDACTED] then took from her desk a group of daily bank statements from FSB. [REDACTED] went across the lobby and got [REDACTED] to join them in [REDACTED] office. [REDACTED] then admitted that she had been manipulating the bank's funds on behalf of a customer, Agriprocessors, INC. (AI). [REDACTED] stated that she knew what she did was wrong, stated that the situation could be corrected, and she asked [REDACTED] and not to tell anyone. [REDACTED] explained to [REDACTED] that he would have to notify the bonding company and legal authorities.

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[REDACTED] advised that AI is [REDACTED]
[REDACTED]
[REDACTED] also works for AI. After [REDACTED] had made these statements, [REDACTED] left her office to make some telephone calls. When he returned to [REDACTED] office, [REDACTED] was on the telephone, speaking with [REDACTED]. When [REDACTED] handed the telephone to [REDACTED] told [REDACTED] not to be hard on [REDACTED] and that the problem could be taken care of. [REDACTED] noted that [REDACTED] did not ask for an explanation of what the problem was, and [REDACTED] believed that [REDACTED] was aware of what [REDACTED] had done. When [REDACTED] told

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29B-OM-45866

Continuation of FD-302 of [REDACTED], On 1/27/99, Page 3

[REDACTED] that he would be required to report this matter to legal authorities, [REDACTED] told him that he was being foolish. After his conversation ended with [REDACTED] continued to talk with [REDACTED]

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[REDACTED] stated that he telephoned [REDACTED] and he asked [REDACTED] to immediately come to the bank. When [REDACTED] arrived and went into [REDACTED] office with [REDACTED] and [REDACTED] explained to [REDACTED] that [REDACTED] had misappropriated some bank funds for AI. When [REDACTED] asked [REDACTED] if this was true, [REDACTED] nodded her head in assent. [REDACTED]

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[REDACTED] recalled that while he and [REDACTED] were discussing the matter with [REDACTED] stated that she had been trying to help AI. When asked why, [REDACTED] stated that AI was supposed to have gotten a big loan, but that some of the loan funding had fallen through, causing AI to be short of funds. [REDACTED] added that the shortage was supposed to have been covered by AI. When asked how long she had been covering funds for AI, [REDACTED] responded it had not been for too long. When asked how much, [REDACTED] stated she did not know, and indicated that the numbers would be shown on the FSB daily statements. [REDACTED] also explained that AI checks had been returned from AI accounts in New York, and when AI did not have the funds at CSB to cover the checks, she used the bank's funds to cover them.

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[REDACTED] explained that as its correspondent bank, CSB maintains a corresponding account at FSB, which is used primarily to pay and clear non-CSB checks. At the end of a business day when all checks are cleared, FSB invests the remaining balance in overnight fed funds on behalf of CSB. As a customer of CSB, AI maintains several checking accounts, but does not have any outstanding loans. Concerning the AI checks being covered by [REDACTED] explained that AI checks from accounts at CITIBANK and the REPUBLICAN BANK in New York were written, and made payable to AI. These checks were deposited into AI accounts at CSB. As non-CSB items, CSB then sent the checks through its

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29B-OM-45866

Continuation of FD-302 of [REDACTED], On 1/27/99, Page 4

corresponding account at FSB. Through the Federal Reserve System, FSB in turn sent the checks for collection to CITIBANK and the REPUBLICAN BANK. As the AI accounts at these banks did not have enough money to pay the checks, they were returned to FSB, where FSB debited CSB's corresponding account. [REDACTED] added that [REDACTED] had been responsible for handling AI's accounts for several years.

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[REDACTED] stated that as of 4:00 p.m. on January 26, 1999, AI had reimbursed CSB for \$2,164,250.53, the amount CSB had determined was owed by AI for checks that had been deposited by AI without sufficient funds.

[REDACTED] advised that CSB has assets of approximately \$43 million, and that AI has been a customer at CSB for about ten years. AI is an Iowa corporation, and operates a kosher beef and chicken processing plant in Postville. While [REDACTED]

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[REDACTED] believed that [REDACTED] was [REDACTED] primary point of contact for AI regarding banking transactions. [REDACTED]

[REDACTED] was instrumental in bring AI to Postville about ten years ago, when AI took over a meat packing facility in Postville that had been closed for several years. [REDACTED] works at AI, which employs approximately 300 people.

[REDACTED] stated that he has had numerous recent conversations with [REDACTED] from which [REDACTED] believed that [REDACTED] was aware of what [REDACTED] was doing for them, and [REDACTED] told [REDACTED] of an estimated dollar amount, which was close to the amount that was later determined. [REDACTED] advised that FSB statements disclosed one transaction in December, 1998, and several transaction during January, 1999, which [REDACTED] had covered AI for insufficient checks.

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/28/99

[redacted] Citizens State Bank (CSB),
was interviewed at his place of employment, 100 N. Lawler,
Postville, Iowa, 52162, (319) 864-7615. [redacted]

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identity of the interviewing Agent and of the purpose of the
interview, [redacted] provided the following information:

[redacted]
[redacted] added that CSB has fifteen employees. [redacted]
began her employment at CSB during [redacted]

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[redacted] In her position,
[redacted] was responsible for [redacted] including the
[redacted]

[redacted] reported directly to
[redacted] concerning operational matters, and she reported directly to
the Board of Directors concerning compliance issues.

[redacted] advised that in retrospect, he had observed some
unusual behavior by [redacted] in the recent past. [redacted] explained
that in the past thirty to forty-five days, [redacted] seemed
unusually interested in whom [redacted] was having telephone
conversations with, including [redacted] answering the telephone,
which is not part of her job, and when a caller for [redacted] was on
hold, [redacted] would get on the line and asked for the caller's
identity.

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report, which is a print out of the bank's balance sheet (general
ledger accounts) and profit and loss figures. On Friday, January
22, 1999, when [redacted] had not received the daily report, he asked
[redacted] about the report, and she
referred [redacted] to [redacted] asked [redacted] to provide him with
the report, and later that day while reviewing the report, [redacted]
noticed that the first couple of pages were missing. These pages
would have listed general ledger balances for asset accounts.
When [redacted] asked [redacted] about the missing pages, [redacted]
responded that somehow the entire report had not printed. [redacted]

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Investigation on 1/27/99 at Postville, Iowa

File # 29B-OM-45866 -12

Date dictated 1/28/99

by SA [redacted]

29B-OM-45866

Continuation of FD-302 of [redacted], On 1/27/99, Page 2

did not believe [redacted] explanation, as he noticed that a half of line of text was printed along the bottom perforation of the top page. When [redacted] confronted [redacted] again, [redacted] became angry that [redacted] did not believe her explanation. [redacted] then called FIRST STAR BANK (FSB), which is CBS's correspondent bank that performs data processing for CSB, but was unable to get hold who he wanted to talk to about the daily report. While at his residence that night, [redacted] got a telephone call from [redacted] who told him that the entire daily report had been printed for that day, and that [redacted] had the missing pages.

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On Monday, January 25, 1999, at a scheduled morning employee meeting, [redacted] told the employees that he would not tolerate employees censoring his telephone calls or trying to find out who he was having conversations with. [redacted] noted that [redacted] did not go out to lunch that day, and later in the afternoon, [redacted] took a Community Reinvestment Act related report to [redacted] in her office, so that she could file the report with her records. While in her office, [redacted] asked [redacted] if there was anything she wanted to tell him, and that he knew the entire daily report for Friday had been printed, yet she had kept some of the pages. [redacted] started to cry, and stated that sooner or later, she knew that they would find out. [redacted] then took from her desk a group of daily bank statements from FSB. [redacted] went across the lobby and got [redacted] to join them in [redacted] office. [redacted] then admitted that she had been manipulating the bank's funds on behalf of a customer, Agriprocessors, INC. (AI). [redacted] stated that she knew what she did was wrong, stated that the situation could be corrected, and she asked [redacted] and not to tell anyone. [redacted] explained to [redacted] that he would have to notify the bonding company and legal authorities.

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[redacted] also works for AI. After [redacted] had made these statements, [redacted] left her office to make some telephone calls. When he returned to [redacted] office, [redacted] was on the telephone, speaking with [redacted]. When [redacted] handed the telephone to [redacted] told [redacted] not to be hard on [redacted] and that the problem could be taken care of. [redacted] noted that [redacted] did not ask for an explanation of what the problem was, and [redacted] believed that [redacted] was aware of what [redacted] had done. When [redacted] told

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29B-OM-45866

Continuation of FD-302 of [REDACTED], On 1/27/99, Page 3

[REDACTED] that he would be required to report this matter to legal authorities, [REDACTED] told him that he was being foolish. After his conversation ended with [REDACTED] continued to talk with [REDACTED]

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[REDACTED] recalled that while he and [REDACTED] were discussing the matter with [REDACTED] stated that she had been trying to help AI. When asked why, [REDACTED] stated that AI was supposed to have gotten a big loan, but that some of the loan funding had fallen through, causing AI to be short of funds. [REDACTED] added that the shortage was supposed to have been covered by AI. When asked how long she had been covering funds for AI, [REDACTED] responded it had not been for too long. When asked how much, [REDACTED] stated she did not know, and indicated that the numbers would be shown on the FSB daily statements. [REDACTED] also explained that AI checks had been returned from AI accounts in New York, and when AI did not have the funds at CSB to cover the checks, she used the bank's funds to cover them.

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29B-OM-45866

Continuation of FD-302 of [REDACTED], On 1/27/99, Page 4

corresponding account at FSB. Through the Federal Reserve System, FSB in turn sent the checks for collection to CITIBANK and the REPUBLICAN BANK. As the AI accounts at these banks did not have enough money to pay the checks, they were returned to FSB, where FSB debited CSB's corresponding account. [REDACTED] added that [REDACTED] had been responsible for handling AI's accounts for several years.

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[REDACTED] believed that [REDACTED] was [REDACTED] primary point of contact for AI regarding banking transactions. [REDACTED] was instrumental in bring AI to Postville about ten years ago, when AI took over a meat packing facility in Postville that had been closed for several years. [REDACTED] works at AI, which employs approximately 300 people.

[REDACTED] stated that he has had numerous recent conversations with [REDACTED] from which [REDACTED] believed that [REDACTED] was aware of what [REDACTED] was doing for them, and [REDACTED] told [REDACTED] of an estimated dollar amount, which was close to the amount that was later determined. [REDACTED] advised that FSB statements disclosed one transaction in December, 1998, and several transaction during January, 1999, which [REDACTED] had covered AI for insufficient checks.

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U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

10755 Burt Street
Omaha, NE 68114
May 3, 1999

Citizens State Bank
Post Office Box 190
Postville, IA 52162

Re: [REDACTED]

Dear Sir/Madam:

[REDACTED]

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An investigation has been opened by the Federal Bureau
of Investigation. The case Agent in this matter is Special Agent
(SA) [REDACTED] SA

[REDACTED] will be in touch with you regarding this matter.

Sincerely,

Thomas J. Murphy
Special Agent in Charge

[REDACTED]

By:

[REDACTED]

Supervisory Special Agent

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Enclosure

1 - Addressee

3 - 29B-OM-45866-14

[REDACTED]
[REDACTED] (4)

DUPLICATE COPY FORWARDED
TO RA ON 5-13-99

124 [REDACTED] 003 [REDACTED]

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 09/02/1999

[redacted] CITIZENS STATE BANK (CSB), was contacted at his place of employment. [redacted] was aware of the identity of the contacting Agent, and he provided the following information:

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[redacted] provided photocopies of four AGRIPROCESSORS, INC. (AI) checks, drawn on an AI account at CITIBANK, Brooklyn, New York, check numbers 1803, 1728, 1940 and 1755. [redacted] also provided a photocopy of a CSB invoice dated August 4, 1999 for \$69,359.00. [redacted] explained this invoice, representing costs incurred by CSB for bad checks written by AI, has been present to AI for payment.

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The above items will be maintained in the 1A section of the file.

Investigation on 8/31/99 at Postville, Iowa

File # 29B-OM-45866-16

Date dictated 9/2/99

by SA [redacted]

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 09/02/1999

[redacted] CITIZENS STATE BANK (CSB), was contacted at his place of employment. [redacted] was aware of the identity of the contacting Agent, and he provided the following information:

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The above items will be maintained in the 1A section of the file.

(X)

DUPLICATE COPY FORWARDED
TO RA ON 09-14-99

Investigation on 8/31/99 at Postville, IowaFile # 29B-OM-45866 -160Date dictated 9/2/99

by SA [redacted]

245 [redacted] 61-302✓

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 03/14/2002

[redacted] was contacted at her place of employment, CITIZENS STATE BANK (CSB), 100 N. Lawler Street, Postville, Iowa. After being advised of the identity of the interviewing Agent and of the purpose of the interview, [redacted] provided the following information:

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[redacted] advised that the deposits at CSB are currently insured by the Federal Deposit Insurance Corporation (FDIC). This FDIC insurance was also in force during 1998 and 1999. The CSB is presently owned by [redacted] through a Bank Holding Company known as Fidelity Company. [redacted] purchased the bank on October 3, 1999.

[redacted] stated she was employed at CSB in January of 1999 when suspicious transactions involving former CSB employee [redacted] and AGRIPROCESSORS, INC. (AI) were discovered. [redacted] did not have any direct conversations with [redacted] concerning these transactions, and she added that [redacted] and [redacted] spoke with [redacted] about the transactions. [redacted] assisted in the process of reviewing these transactions by providing bank records to [redacted] an accountant with the firm of McGladrey & Pullen, Cedar Rapids, Iowa, who was hired by the bank to conduct a review.

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[redacted] advised that at the time of the questioned transactions, CSB utilized FIRSTAR BANK (FB) as its corresponding bank. CSB did not have a direct relationship with the Federal Reserve Bank (FRB), and through the correspondent relationship, FB facilitated transactions on behalf of CSB with the FRB, such as processing wire transfers and clearing checks with banks from other parts of the country. [redacted] explained that on its general ledger, CSB maintains an account, known as the FB correspondent account, which is an asset. CSB also maintains an account, known as the Federal Funds account, which is also an asset account. At the end of a business day when all transactions effecting the correspondent account have been completed, all funds in excess of the minimum required balance are moved to the Federal Funds Account, where through FB, the funds are invested overnight with the FRB, earning interest for the bank. The earned interest is deposited into the correspondent account, and during the next

b6
b7cInvestigation on 03/13/02 at Postville, IowaFile # 29B-OM-45866;17Date dictated 03/14/02

by SA [redacted]

DUPLICATE COPIES FORWARDED

TO [redacted] 4/1/02

073 [redacted] 02.302

29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 03/13/02 , Page 2

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business day, the excess funds are moved back to the correspondent account to cover the daily transactions that occur.

[REDACTED] was asked to explain the accounting flow of a transaction involving the deposit of a check into a customer's account at CSB, where the deposited check was drawn on a bank other than CSB outside of Iowa. At the time of deposit the bank makes a credit entry to the customer's account, and through the daily "cash letter", the bank makes a debit entry to its correspondent account, which is the way the bank is reimbursed for giving its customer credit for a check drawn on another bank. Through a daily courier, the check is sent to the FRB in Des Moines, Iowa, for processing and return to the originating bank.

[REDACTED] advised that on a daily basis, CSB receives an account statement from FB for its correspondent account. This account statement is reconciled on a daily basis to the bank's general ledger by the bookkeeping department, primarily done by [REDACTED]

If a check that had been deposited into a CSB customer's account was returned as unpaid, the physical check is returned to CSB, and an entry reflecting the returned as unpaid status appeared on the daily account statement. All returned checks, drawn on banks other than CSB, were given to [REDACTED] who was responsible for handling these unpaid checks. [REDACTED] rather than the bookkeeping department, was responsible for handling the Federal Funds account, including making daily entries and reconciling the account.

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Concerning the handling of checks returned as unpaid, [REDACTED] stated CSB's policy is to contact the customer to determine why the check was not paid, and depending on the circumstances, the customer's account should be debited, causing money to be taken out of the account for the amount of the unpaid check, or the check is run through the system a second time for payment. Banking practice allows a check to be sent through the banking system a second time for payment, and if the check is again returned as unpaid, additional presentments are not allowed. If a check is returned a second time as unpaid, the customer's account should be debited.

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[REDACTED] advised when the suspicious transactions involving AI were discovered, [REDACTED] found several AI checks in [REDACTED] desk. These AI checks were drawn on an AI account at CITIBANK in Brooklyn, New York, had been deposited into AI accounts at CSB, and were returned to CSB as unpaid. Research of these

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29B-OM-45866

Continuation of FD-302 of

, On 03/13/02 , Page 3

checks determined that did not send these check through the banking system a second time for payment, and she did not make debit entries, to remove funds for AI's account, for these unpaid checks. When these unpaid AI checks were returned to CSB, a credit entry appeared in CSB's correspondent account. Since these items were unpaid, the credit reduced the correspondent account balance, which is an asset. The correct offsetting entry would have been to debit the customer's account, having the effect of reducing a bank liability account, to balance the transaction. It appears that rather than debiting, or taking money from AI's account, made a series of entries where she debited the Federal Funds account, as the offset to the correspondent account credit, as a way of balancing the transactions. As the Federal Funds account is an asset, the effect of these entries was to overstate the bank's assets.

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 03/14/2002

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[redacted] advised that the deposits at CSB are currently insured by the Federal Deposit Insurance Corporation (FDIC). This FDIC insurance was also in force during 1998 and 1999. The CSB is presently owned by [redacted] through a Bank Holding Company known as Fidelity Company. [redacted] purchased the bank on October 3, 1999.

[redacted] stated she was employed at CSB in January of 1999 when suspicious transactions involving former CSB employee [redacted] and AGRIPROCESSORS, INC. (AI) were discovered. [redacted] did not have any direct conversations with [redacted] concerning these transactions, and she added that [redacted] and [redacted] spoke with [redacted] about the transactions. [redacted] assisted in the process of reviewing these transactions by providing bank records to [redacted] an accountant with the firm of McGladrey & Pullen, Cedar Rapids, Iowa, who was hired by the bank to conduct a review.

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[redacted] advised that at the time of the questioned transactions, CSB utilized FIRSTAR BANK (FB) as its corresponding bank. CSB did not have a direct relationship with the Federal Reserve Bank (FRB), and through the correspondent relationship, FB facilitated transactions on behalf of CSB with the FRB, such as processing wire transfers and clearing checks with banks from other parts of the country. [redacted] explained that on its general ledger, CSB maintains an account, known as the FB correspondent account, which is an asset. CSB also maintains an account, known as the Federal Funds account, which is also an asset account. At the end of a business day when all transactions effecting the correspondent account have been completed, all funds in excess of the minimum required balance are moved to the Federal Funds Account, where through FB, the funds are invested overnight with the FRB, earning interest for the bank. The earned interest is deposited into the correspondent account, and during the next

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Investigation on 03/13/02 at Postville, Iowa

File # 29B-OM-45866;17

Date dictated 03/14/02

by SA [redacted]

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29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 03/13/02, Page 2

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business day, the excess funds are moved back to the correspondent account to cover the daily transactions that occur.

[REDACTED] was asked to explain the accounting flow of a transaction involving the deposit of a check into a customer's account at CSB, where the deposited check was drawn on a bank other than CSB outside of Iowa. At the time of deposit the bank makes a credit entry to the customer's account, and through the daily "cash letter", the bank makes a debit entry to its correspondent account, which is the way the bank is reimbursed for giving its customer credit for a check drawn on another bank. Through a daily courier, the check is sent to the FRB in Des Moines, Iowa, for processing and return to the originating bank.

[REDACTED] advised that on a daily basis, CSB receives an account statement from FB for its correspondent account. This account statement is reconciled on a daily basis to the bank's general ledger by the bookkeeping department, primarily done by [REDACTED]

If a check that had been deposited into a CSB customer's account was returned as unpaid, the physical check is returned to CSB, and an entry reflecting the returned as unpaid status appeared on the daily account statement. All returned checks, drawn on banks other than CSB, were given to [REDACTED] who was responsible for handling these unpaid checks. [REDACTED] rather than the bookkeeping department, was responsible for handling the Federal Funds account, including making daily entries and reconciling the account.

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Concerning the handling of checks returned as unpaid, [REDACTED] stated CSB's policy is to contact the customer to determine why the check was not paid, and depending on the circumstances, the customer's account should be debited, causing money to be taken out of the account for the amount of the unpaid check, or the check is run through the system a second time for payment. Banking practice allows a check to be sent through the banking system a second time for payment, and if the check is again returned as unpaid, additional presentments are not allowed. If a check is returned a second time as unpaid, the customer's account should be debited.

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[REDACTED] advised when the suspicious transactions involving AI were discovered, [REDACTED] found several AI checks in [REDACTED] desk. These AI checks were drawn on an AI account at CITIBANK in Brooklyn, New York, had been deposited into AI accounts at CSB, and were returned to CSB as unpaid. Research of these

29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 03/13/02 , Page 3

checks determined that [REDACTED] did not send these check through the banking system a second time for payment, and she did not make debit entries, to remove funds for AI's account, for these unpaid checks. When these unpaid AI checks were returned to CSB, a credit entry appeared in CSB's correspondent account. Since these items were unpaid, the credit reduced the correspondent account balance, which is an asset. The correct offsetting entry would have been to debit the customer's account, having the effect of reducing a bank liability account, to balance the transaction. It appears that rather than debiting, or taking money from AI's account, [REDACTED] made a series of entries where she debited the Federal Funds account, as the offset to the correspondent account credit, as a way of balancing the transactions. As the Federal Funds account is an asset, the effect of these entries was to overstate the bank's assets.

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 04/24/2002

[redacted] of CITIZEN'S STATE BANK (CSB), Postville, Iowa, was contacted at the CSB. Also present were CSB employees [redacted] was advised of the identity of the contacting Agent and he provided the following information:

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[redacted]

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[redacted] advised he met yesterday (04/17/02) with the AI Accountant and one of the AI [redacted]. During discussion, [redacted] was told that the movement of funds between AI accounts and NPI accounts was a cash management technique being utilized by AI, and that NPI accounts were being used as operating accounts for AI. AI's primary source of credit is a line of credit from a bank in St. Louis, Missouri, and AI had reached the maximum on this line of credit. [redacted] stated he worked out a series of proposed changes with AI, including the possibility of AI depositing approximately \$500,000.00 into a money market fund at CSB, to cover any items that are not covered by AI's daily wire transfer into the CSB. [redacted] intends to monitor AI's performance of the agreed changes for the next forty-five days. [redacted] added that CSB has not incurred any loss from the transactions between AI and NPI accounts.

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b7EInvestigation on 04/18/02 at Postville, IowaFile # 29B-OM-45866-20Date dictated 04/24/02 **RECORDED**

by SA [redacted]

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114 [redacted] 01.302

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 04/24/2002

[redacted] of CITIZEN'S STATE BANK (CSB), Postville, Iowa, was contacted at the CSB. Also present were CSB employees [redacted] was advised of the identity of the contacting Agent and he provided the following information:

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[redacted]

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[redacted] advised he met yesterday (04/17/02) with the AI Accountant and one of the AI [redacted]. During discussion, [redacted] was told that the movement of funds between AI accounts and NPI accounts was a cash management technique being utilized by AI, and that NPI accounts were being used as operating accounts for AI. AI's primary source of credit is a line of credit from a bank in St. Louis, Missouri, and AI had reached the maximum on this line of credit. [redacted] stated he worked out a series of proposed changes with AI, including the possibility of AI depositing approximately \$500,000.00 into a money market fund at CSB, to cover any items that are not covered by AI's daily wire transfer into the CSB. [redacted] intends to monitor AI's performance of the agreed changes for the next forty-five days. [redacted] added that CSB has not incurred any loss from the transactions between AI and NPI accounts.

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b7EInvestigation on 04/18/02 at Postville, IowaFile # 29B-OM-45866; 20Date dictated 04/24/02by SA [redacted]b6
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United States District Court

COPY

NORTHERN

DISTRICT OF

IOWA

TO:

SUBPOENA TO TESTIFY BEFORE GRAND JURY

SUBPOENA FOR:

YOU ARE HEREBY COMMANDED to appear and testify before the Grand Jury of the United States District Court at the place, date, and time specified below.

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PLACE

U.S. Courthouse, Federal Building
101 First Street SE
Cedar Rapids, Iowa 52401

ROOM

226

DATE AND TIME

YOU ARE ALSO COMMANDED to bring with you the following document(s) or object(s):*

X

☐ Please see additional information on reverse

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This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

CLERK

James D. Hodges, Jr.

DATE

(BY) DEPUTY CLERK

4/24/02

This subpoena is issued upon application
of the United States of America

NAME, ADDRESS AND PHONE NUMBER OF ASSISTANT U.S. ATTORNEY

AUSA
P. O. Box 74950
Cedar Rapids, Iowa 52407-4950

*If not applicable, enter "none"

To be used in lieu of AO110

FORM OBD-227
Revised April 2000

29B-om-45866-21

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 04/24/2002

[redacted] was contacted at her place of employment, CITIZENS STATE BANK (CSB) Postville, Iowa. Also present were CSB [redacted] and CSB [redacted] was aware of the identity of the contacting Agent, and she provided the following information:

[redacted] provided photocopies of documents relating to four checks drawn on an AGRIPROCESSORS, INC. (AI) account at CITIBANK, Brooklyn, New York, account number [redacted] which were deposited into an AI account at CSB, described as follows:

1. Check number 1728, dated 6/1/98, \$150,000.00
2. Check number 1755, dated 6/24/98, \$250,000.00
3. Check number 1803, dated 7/3/98, \$245,000.00
4. Check number 1940, dated 10/21/98 or 10/29/98, amount of \$495,000.00

[redacted] stated that the tracing of the transactions involving these four checks was conducted by [redacted] from the accounting firm of McGladrey & Pullen, Cedar Rapids, Iowa, who was hired by CSB to review AI transactions.

[redacted] Referring to the photocopies of documents provided, [redacted] explained the Detail Transaction Analysis Report (DTAR) shows all debit and credit entries for a general ledger account, and the Federal Funds Account, account number [redacted] was provided for selected time periods. Also provided for selected time periods were copies of the Proof of Deposit System - Corrected Entry Master List (Proof), showing debit and credit entries in sequential order. Also provided were selected general ledger debit and credit tickets.

Referring to check number 1728 for \$150,000.00, [redacted] advised the DTAR and Proof reports reflect an entry on 06/16/98, debiting the Federal Funds Account and crediting the Correspondent Account, for \$191,938.83. While all general ledger debit and credit tickets relating to this transaction could not be located, a credit ticket for \$41,938.83 was provided.

Investigation on 04/18/02 at Postville, Iowa

File # 29B-OM-45866-22

by SA [redacted]

DUPLICATE Date dictated 04/24/02
TO 4/29/02

114 [redacted] 02.302

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29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 04/18/02, Page 2

Referring to check number 1755 for \$250,000.00, [REDACTED] advised that DTAR and Proof reports reflect an entry on 06/16/98, debiting the Federal Funds Account and crediting the Correspondent Account, for \$250,000.00. General ledger debit and credit tickets relating to this transaction could not be located.

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Referring to check number 1803 for \$245,000.00, [REDACTED] advised DTAR and Proof reports reflect an entry on 07/21/98, debiting the Federal Funds Account and crediting the Correspondent Account, for \$185,000.00, creating a difference of \$60,000.00. The general ledger debit and credit tickets for this transaction were provided, and [REDACTED] recognized the handwriting on these as being written by [REDACTED]. [REDACTED] advised that DTAR and Proof reports also reflect an entry on 08/12/98, debiting the Federal Funds Account and crediting the Correspondent Account, for \$390,000.00, relating to an AI check number 1854 for \$310,000.00, for a difference of \$80,000.00, creating a net difference of \$20,000.00. The general ledger debit and credit tickets relating to this transaction were provided, and [REDACTED] recognized the handwriting on these documents of [REDACTED].

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Referring to check number 1940 for \$495,000.00, [REDACTED] advised that DTAR and Proof reports reflect an entry on 12/18/98, debiting the Federal Funds Account and crediting the Correspondent Account, for \$475,000.00, a difference of \$20,000.00 which when applied to the previous transactions, created a net difference of zero. General ledger debit and credit tickets from this transaction were also provided, which [REDACTED] believes were written by [REDACTED].

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[REDACTED] noted the sum of the four AI checks totals \$1,140,000.00. On 01/29/99, the Federal Funds Account on CSB's general ledger reflected a balance of \$5,330,137.62 while the amount of federal funds sold by CSB to its correspondent bank, FIRSTAR BANK that day was \$4,188,948.00, a difference of \$1,141,189.62.

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29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 04/18/02 , Page 3

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[REDACTED] explained the Overdraft Income Account is used as the repository account when the bank earns income by charging a customer for an overdraft or returned check. When this occurs, the typical entry is for the bank to charge, or debit the customer's checking, and credit the Overdraft Income Account. The Overdraft Income Account would rarely be debited, except on occasions when the bank decides to refund an overdraft charge to a customer. Research has found a series of debit entries out of the Overdraft Income Account, and entries corresponding by date and amount into one of [REDACTED] checking accounts. The bank has not been able to locate any of the general ledger debit tickets relating to these transactions.

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Concerning the Check Order Income Account, [REDACTED] explained the bank uses this account to recognize income it earns from the commission received by the bank when a customer orders checks. The bank uses a Demand Deposit Account (DDA) to collect commissions, and on a quarterly basis, funds are transferred from the DDA account to the Check Order Income Account. Research has found a series of transactions between the bank's DDA account and [REDACTED] checking accounts, in which funds were transferred or debited out of the bank's DDA account, and credited into one of the [REDACTED] checking accounts. The bank has located general ledger debit and credit tickets for these entries.

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 04/24/2002

[redacted] was contacted at her place of employment, CITIZENS STATE BANK (CSB), Postville, Iowa. Also present were CSB [redacted] and CSB [redacted] was aware of the identity of the contacting Agent, and she provided the following information:

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[redacted] provided photocopies of documents relating to four checks drawn on an AGRIPROCESSORS, INC. (AI) account at CITIBANK, Brooklyn, New York, account number [redacted] which were deposited into an AI account at CSB, described as follows:

1. Check number 1728, dated 6/1/98, \$150,000.00
2. Check number 1755, dated 6/24/98, \$250,000.00
3. Check number 1803, dated 7/3/98, \$245,000.00
4. Check number 1940, dated 10/21/98 or 10/29/98, amount of \$495,000.00

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[redacted] stated that the tracing of the transactions involving these four checks was conducted by [redacted] from the accounting firm of McGladrey & Pullen, Cedar Rapids, Iowa, who was hired by CSB to review AI transactions.

[redacted] Referring to the photocopies of documents provided, [redacted] explained the Detail Transaction Analysis Report (DTAR) shows all debit and credit entries for a general ledger account, and the Federal Funds Account, account number [redacted] was provided for selected time periods. Also provided for selected time periods were copies of the Proof of Deposit System - Corrected Entry Master List (Proof), showing debit and credit entries in sequential order. Also provided were selected general ledger debit and credit tickets.

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Referring to check number 1728 for \$150,000.00, [redacted] advised the DTAR and Proof reports reflect an entry on 06/16/98, debiting the Federal Funds Account and crediting the Correspondent Account, for \$191,938.83. While all general ledger debit and credit tickets relating to this transaction could not be located, a credit ticket for \$41,938.83 was provided.

Investigation on 04/18/02 at Postville, Iowa

File # 29B-OM-45866-22 Date dictated 04/24/02

by SA [redacted]

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29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 04/18/02, Page 2

Referring to check number 1755 for \$250,000.00, [REDACTED] advised that DTAR and Proof reports reflect an entry on 06/16/98, debiting the Federal Funds Account and crediting the Correspondent Account, for \$250,000.00. General ledger debit and credit tickets relating to this transaction could not be located.

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Referring to check number 1803 for \$245,000.00, [REDACTED] advised DTAR and Proof reports reflect an entry on 07/21/98, debiting the Federal Funds Account and crediting the Correspondent Account, for \$185,000.00, creating a difference of \$60,000.00. The general ledger debit and credit tickets for this transaction were provided, and [REDACTED] recognized the handwriting on these as being written by [REDACTED]. [REDACTED] advised that DTAR and Proof reports also reflect an entry on 08/12/98, debiting the Federal Funds Account and crediting the Correspondent Account, for \$390,000.00, relating to an AI check number 1854 for \$310,000.00, for a difference of \$80,000.00, creating a net difference of \$20,000.00. The general ledger debit and credit tickets relating to this transaction were provided, and [REDACTED] recognized the handwriting on these documents of [REDACTED].

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Referring to check number 1940 for \$495,000.00, [REDACTED] advised that DTAR and Proof reports reflect an entry on 12/18/98, debiting the Federal Funds Account and crediting the Correspondent Account, for \$475,000.00, a difference of \$20,000.00 which when applied to the previous transactions, created a net difference of zero. General ledger debit and credit tickets from this transaction were also provided, which [REDACTED] believes were written by [REDACTED].

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[REDACTED] noted the sum of the four AI checks totals \$1,140,000.00. On 01/29/99, the Federal Funds Account on CSB's general ledger reflected a balance of \$5,330,137.62 while the amount of federal funds sold by CSB to its correspondent bank, FIRSTAR BANK that day was \$4,188,948.00, a difference of \$1,141,189.62.

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29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 04/18/02 , Page 3

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[REDACTED]

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[REDACTED] explained the Overdraft Income Account is used as the repository account when the bank earns income by charging a customer for an overdraft or returned check. When this occurs, the typical entry is for the bank to charge, or debit the customer's checking, and credit the Overdraft Income Account. The Overdraft Income Account would rarely be debited, except on occasions when the bank decides to refund an overdraft charge to a customer. Research has found a series of debit entries out of the Overdraft Income Account and entries corresponding by date and amount into one of [REDACTED] checking accounts. The bank has not been able to locate any of the general ledger debit tickets relating to these transactions.

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Concerning the Check Order Income Account, [REDACTED] explained the bank uses this account to recognize income it earns from the commission received by the bank when a customer orders checks. The bank uses a Demand Deposit Account (DDA) to collect commissions, and on a quarterly basis, funds are transferred from the DDA account to the Check Order Income Account. Research has found a series of transactions between the bank's DDA account and [REDACTED] checking accounts, in which funds were transferred or debited out of the bank's DDA account, and credited into one of the [REDACTED] checking accounts. The bank has located general ledger debit and credit tickets for these entries.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 05/23/2002

[redacted] was contacted [redacted]

Also present were [redacted]

[redacted] was aware of the identity of the contacting Agent through previous contact, and she provided the following information:

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Pursuant to a Federal Grand Jury subpoena, [redacted]

Investigation on 05/21/02 at Postville, IowaFile # 29B-OM-45866-20Date dictated 05/23/02

by SA [redacted]

DUPLICATE COPY FORWARDED
TO R/ON 6/2/02b6
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143 [redacted] 02.302

29B-OM-45866

Continuation of FD-302 of

[Redacted]

, On 05/21/02 , Page 2

[Redacted]

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 05/23/2002

[redacted] was contacted [redacted]

Also present were [redacted]

[redacted] was aware of the identity of the contacting Agent through previous contact, and she provided the following information:

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Pursuant to a Federal Grand Jury subpoena [redacted]

[Large redacted area]

Investigation on 05/21/02 at Postville, Iowa

File # 29B-OM-45866-24 Date dictated 05/23/02

by SA [redacted]

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29B-OM-45866

Continuation of FD-302 of , On 05/21/02, Page 2

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 08/07/2002

At approximately 4:52 p.m., contact was made with [redacted] in a parking lot near the Human Resources Department building at LUTHER COLLEGE, Decorah, Iowa. Also present was Assistant Chief [redacted] Decorah Police Department (DPD). Special Agent (SA) [redacted] introduced himself and Assistant Chief [redacted] recalled and acknowledged that she had previously been interviewed by SA [redacted] during January of 1999, but had not initially recognized him at the outset of the contact. SA [redacted] told [redacted] that the current contact related to events that occurred during her employment at CITIZENS STATE BANK (CSB), and that SA [redacted] had a series of follow up questions he would like to ask her. [redacted] stated that while she thought this matter had ended, she was willing to answer additional questions. SA [redacted] told [redacted] that the DPD was nearby and would provide a quiet place to talk. Assistant Chief [redacted] provided [redacted] with directions on how to get to the DPD, and [redacted] agreed to meet at the DPD.

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Upon arriving at the DPD at approximately 4:55 p.m., SA [redacted] and Assistant Chief [redacted] met [redacted] in the parking lot near her vehicle, as [redacted] had arrived there first in her vehicle. [redacted] was escorted into a conference room in the DPD. When SA [redacted] offered [redacted] a beverage, she responded that she had just finished drinking a pop, and declined the offer. [redacted] was told that she was not under arrest, nor would she be arrested at the end of the interview. [redacted] was again told that the purpose of the contact was to ask her additional questions about what happened at CSB, but it was up to her to decide if she wanted to answer questions. [redacted] was further told that she was free to leave the interview at any time. [redacted] verbally acknowledged she understood this explanation and agreed to answer questions. [redacted] was asked if she wanted to contact [redacted] to tell him where she was at. [redacted] responded that [redacted] was taking an evening class and would not be at home. At approximately 5:02 p.m., in response to questions from SA [redacted] voluntarily provided the following information:

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DISCUSSION CONTINUED
TO PAGE 8/21/02

Investigation on 08/06/02 at Decorah, IowaFile # 29B-OM-45866-26Date dictated 08/07/02

by SA [redacted]

219 [redacted] 01-302

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

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29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 08/06/02

, Page 2

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[REDACTED] acknowledged while she was employed by CSB, she held a series of checks for AGRIPROCESSORS, INC. (AI) which she should have charged back to AI. These checks had been deposited by AI into its account at CSB, and when they were returned as unpaid, rather than charging AI's account for the unpaid checks, she held onto the checks and kept them in her desk at the bank. [REDACTED] did so at the request of [REDACTED] of AI, who asked her to do this. [REDACTED] recalled that CSB utilized FIRSTAR BANK (FB) as its corresponding bank, and when these AI checks were returned as unpaid, a credit entry appeared in the Corresponding Account on CSB's books. [REDACTED] acknowledged that an offsetting debit entry needed to be made to clear the amount of the returned checks in the Corresponding Account, and that while the correct entry would have been to debit, or charge, AI's account, as she had decided to hold and not charge these checks to AI, she made debit entries to the Federal Funds Account, as the offset entry. When asked why she chose the Federal Funds Account, [REDACTED] stated she did not know where else to make the entry, and at the time, it seemed to her that the entry would be a "wash", as both the Corresponding Account and Federal Funds Account were asset accounts. [REDACTED]

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[REDACTED] reiterated her view at the time that debit entries into the Federal Funds account were "cosmetic" and that the entries did not really hurt anyone. [REDACTED] stated she has thought about these transactions in hindsight, and now views them as the way she was "robbing Peter to pay Paul", and now realizes that these entries were incorrect statements. [REDACTED] stated she wants to take the responsibility for what she did with the AI checks.

When asked if she had received anything from AI in exchange for holding these check, [REDACTED] responded that she did not get any money or anything else. When asked to explain why she agreed to hold these checks, [REDACTED] stated [REDACTED]

[REDACTED] and that a lot of good people work there. [REDACTED] stated that a lot of people in Postville work at AI, and she did not want to let down the company or the bank or the town. After she began holding checks, on several occasions, she told [REDACTED] that she wanted it to stop, and described herself as feeling at "rock bottom" at that time. [REDACTED] continually assured [REDACTED] that everything would be taken care of, that he was trying to cover the situation, and that a "big deal" was to occur that would take care of the situation.

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29B-OM-45866

Continuation of FD-302 of _____, On 08/06/02, Page 3

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_____ told _____ he was getting money by borrowing it from some of his wealthy friends, and _____ believed that _____ genuinely felt bad about the position he had put her in. _____ also spoke with _____ who also assured her that everything would work out, and he told her she should not worry about this.

_____ was then told that the CSB had discovered she had stolen money by transferring funds from bank income accounts into her own accounts. When confronted with this information, _____ stated that she was not feeling well. _____ was asked if she wanted to leave, and responded that she wanted to deal with this issue. _____ declined offers of water or something else to drink. _____ asked if she could contact _____ and at approximately 5:30 p.m., _____ called _____ with SA _____ cellular telephone, and told _____ she had some thing to do in Decorah, and would be home later. Following this telephone call, _____ again stated she wanted to continue to answer questions.

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_____ acknowledged that she had taken money from bank income accounts and transferred it into her own accounts. When asked from which bank accounts she had taken money, _____ recalled taking money from the Overdraft Income Account. When asked if she had also taken money from the Check Order Income Account, _____ responded that while she did not specifically recall taking money from this account, she may have done so. When asked which of her accounts she transferred funds into, _____ responded _____

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_____ stated she never told _____ anything about taking money from the bank. _____ was responsible for _____

_____ when _____ commented that up until this time, _____ had never even balanced a checkbook. When asked if _____ had ever transferred bank money into an individual checking account in her name at the bank, _____ responded she did not specifically recall transferring money into this account, but if she did, it would not have been a lot of money, as she mostly transferred money into the _____

_____ stated she could not recall when she first started taking money, but acknowledged she had done so for several years. _____ could not explain why she started taking money from the bank. When asked if she knew how much money she had taken,

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29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 08/06/02

, Page 4

[REDACTED] responded she did not know, but believed it was probably "thousands of dollars". [REDACTED] did not keep track of the money she took. [REDACTED] stated she took money in "little chunk" of around \$100.00 or so at a time. [REDACTED] acknowledged that she took smaller amounts, in part, because she was less likely to be caught taking smaller amounts than larger amounts.

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When asked why she had not disclosed this theft during the previous interview in January of 1999, [REDACTED] responded that a lot had just happened to her at the time, referring to the discovery of the AI checks. [REDACTED] stated she only took money that belonged to the bank, and never took money out of any customer accounts. No one else at CSB had knowledge of her taking money from the bank. [REDACTED] spent this money toward every day living expenses such as food, clothing, and house and car payments. [REDACTED] did not save any of this money, and did not purchase any large assets with the money. As the money was transferred into the [REDACTED] it was absorbed with money from their paychecks, and was used to meet living needs.

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When asked if she had ever taken cash from the bank rather than transferring funds into her bank account, [REDACTED] responded that she might have probably done so, but did not believe she took cash very often. When told that the bank could not locate some of the general ledger debit tickets relating to the transfer of these funds, [REDACTED] acknowledged she had pulled and taken some of these documents out of the bank. She took these records so it would reduce the chance of her getting caught taking the money. [REDACTED] stated that in her own mind, she intended to pay back the money she had taken from the bank. When asked if she had ever made any repayments, [REDACTED] responded that she had probably not done so. [REDACTED] stated she feels responsible for her actions in taking money from the bank and wants to make the situation right and wants to pay back the bank for what she took.

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[REDACTED] expressed her concerns about what would happen next with the case and that she had not told [REDACTED] or other family members about taking money from the bank. SA [REDACTED] told [REDACTED] that upon completion of the investigation, the case would be referred to the United States Attorney's Office (USAO) for a prosecutive decision. SA [REDACTED] assured [REDACTED] that he would make the level of her cooperation known to the USAO, he would inform [REDACTED] if an arrest warrant was issued in the future, and he would not contact any family members. [REDACTED] provided her work telephone number as [REDACTED] as a future point of contact.

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29B-OM-45866

Continuation of FD-302 of , On 08/06/02, Page 5

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When asked if she could contact the interviewing Agent, SA provided her with a business card and told she was free to contact him at any time. The interview ended at approximately 6:00 p.m.

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 08/07/2002

At approximately 4:52 p.m., contact was made with [redacted] in a parking lot near the Human Resources Department building at LUTHER COLLEGE, Decorah, Iowa. Also present was Assistant Chief [redacted] Decorah Police Department (DPD). Special Agent (SA) [redacted] introduced himself and Assistant Chief [redacted] recalled and acknowledged that she had previously been interviewed by SA [redacted] during January of 1999, but had not initially recognized him at the outset of the contact. SA [redacted] told [redacted] that the current contact related to events that occurred during her employment at CITIZENS STATE BANK (CSB), and that SA [redacted] had a series of follow up questions he would like to ask her. [redacted] stated that while she thought this matter had ended, she was willing to answer additional questions. SA VAN GENT told DOWNING that the DPD was nearby and would provide a quiet place to talk. Assistant Chief [redacted] provided [redacted] with directions on how to get to the DPD, and [redacted] agreed to meet at the DPD.

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Upon arriving at the DPD at approximately 4:55 p.m., SA [redacted] and Assistant Chief [redacted] met [redacted] in the parking lot near her vehicle, as [redacted] had arrived there first in her vehicle. [redacted] was escorted into a conference room in the DPD. When SA [redacted] offered [redacted] a beverage, she responded that she had just finished drinking a pop, and declined the offer. [redacted] was told that she was not under arrest, nor would she be arrested at the end of the interview. [redacted] was again told that the purpose of the contact was to ask her additional questions about what happened at CSB, but it was up to her to decide if she wanted to answer questions. [redacted] was further told that she was free to leave the interview at any time. [redacted] verbally acknowledged she understood this explanation and agreed to answer questions. [redacted] was asked if she wanted to contact [redacted] to tell him where she was at. [redacted] responded that [redacted] was taking an evening class and would not be at home. At approximately 5:02 p.m., in response to questions from SA [redacted] voluntarily provided the following information:

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b7CInvestigation on 08/06/02 at Decorah, IowaFile # 29B-OM-45866-26Date dictated 08/07/02

by SA [redacted]

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29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 08/06/02

, Page 2

[REDACTED] acknowledged while she was employed by CSB, she held a series of checks for AGRIPROCESSORS, INC. (AI) which she should have charged back to AI. These checks had been deposited by AI into its account at CSB, and when they were returned as unpaid, rather than charging AI's account for the unpaid checks, she held onto the checks and kept them in her desk at the bank. [REDACTED] did so at the request of [REDACTED] of AI, who asked her to do this. [REDACTED] recalled that CSB utilized FIRSTAR BANK (FB) as its corresponding bank, and when these AI checks were returned as unpaid, a credit entry appeared in the Corresponding Account on CSB's books. [REDACTED] acknowledged that an offsetting debit entry needed to be made to clear the amount of the returned checks in the Corresponding Account, and that while the correct entry would have been to debit, or charge, AI's account, as she had decided to hold and not charge these checks to AI, she made debit entries to the Federal Funds Account, as the offset entry. When asked why she chose the Federal Funds Account, [REDACTED] stated she did not know where else to make the entry, and at the time, it seemed to her that the entry would be a "wash", as both the Corresponding Account and Federal Funds Account were asset accounts. [REDACTED]

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[REDACTED] reiterated her view at the time that debit entries into the Federal Funds account were "cosmetic" and that the entries did not really hurt anyone. [REDACTED] stated she has thought about these transactions in hindsight, and now views them as the way she was "robbing Peter to pay Paul", and now realizes that these entries were incorrect statements. [REDACTED] stated she wants to take the responsibility for what she did with the AI checks.

When asked if she had received anything from AI in exchange for holding these check, [REDACTED] responded that she did not get any money or anything else. When asked to explain why she agreed to hold these checks, [REDACTED] stated [REDACTED]

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[REDACTED] and that a lot of good people work there. [REDACTED] stated that a lot of people in Postville work at AI, and she did not want to let down the company or the bank or the town. After she began holding checks, on several occasions, she told [REDACTED] that she wanted it to stop, and described herself as feeling at "rock bottom" at that time. [REDACTED] continually assured [REDACTED] that everything would be taken care of, that he was trying to cover the situation, and that a "big deal" was to occur that would take care of the situation.

29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 08/06/02

, Page 3

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[REDACTED] told [REDACTED] he was getting money by borrowing it from some of his wealthy friends, and [REDACTED] believed that [REDACTED] genuinely felt bad about the position he had put her in. [REDACTED] also spoke with [REDACTED] who also assured her that everything would work out, and he told her she should not worry about this.

[REDACTED] was then told that the CSB had discovered she had stolen money by transferring funds from bank income accounts into her own accounts. When confronted with this information [REDACTED] stated that she was not feeling well. [REDACTED] was asked if she wanted to leave, and responded that she wanted to deal with this issue. [REDACTED] declined offers of water or something else to drink. [REDACTED] asked if she could contact [REDACTED] and at approximately 5:30 p.m., [REDACTED] called [REDACTED] with SA [REDACTED] cellular telephone, and told [REDACTED] she had some thing to do in Decorah, and would be home later. Following this telephone call, [REDACTED] again stated she wanted to continue to answer questions.

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[REDACTED] acknowledged that she had taken money from bank income accounts and transferred it into her own accounts. When asked from which bank accounts she had taken money, [REDACTED] recalled taking money from the Overdraft Income Account. When asked if she had also taken money from the Check Order Income Account, [REDACTED] responded that while she did not specifically recall taking money from this account, she may have done so. When asked which of her accounts she transferred funds into, [REDACTED] responded [REDACTED]

[REDACTED] stated she never told her husband anything about taking money from the bank. [REDACTED] was responsible for [REDACTED]

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[REDACTED] when [REDACTED] commented that up until this time, [REDACTED] had never even balanced a checkbook. When asked if [REDACTED] had ever transferred bank money into an individual checking account in her name at the bank, [REDACTED] responded she did not specifically recall transferring money into this account, but if she did, it would not have been a lot of money, as she mostly transferred money into the [REDACTED]

[REDACTED] stated she could not recall when she first started taking money, but acknowledged she had done so for several years. [REDACTED] could not explain why she started taking money from the bank. When asked if she knew how much money she had taken,

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29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 08/06/02

, Page 4

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[REDACTED] responded she did not know, but believed it was probably "thousands of dollars". [REDACTED] did not keep track of the money she took. [REDACTED] stated she took money in "little chunk" of around \$100.00 or so at a time. [REDACTED] acknowledged that she took smaller amounts, in part, because she was less likely to be caught taking smaller amounts than larger amounts.

When asked why she had not disclosed this theft during the previous interview in January of 1999, [REDACTED] responded that a lot had just happened to her at the time, referring to the discovery of the AI checks. [REDACTED] stated she only took money that belonged to the bank, and never took money out of any customer accounts. No one else at CSB had knowledge of her taking money from the bank. [REDACTED] spent this money toward every day living expenses such as food, clothing, and house and car payments. [REDACTED] did not save any of this money, and did not purchase any large assets with the money. As the money was transferred into the [REDACTED] it was absorbed with money from their paychecks, and was used to meet living needs.

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When asked if she had ever taken cash from the bank rather than transferring funds into her bank account, [REDACTED] responded that she might have probably done so, but did not believe she took cash very often. When told that the bank could not locate some of the general ledger debit tickets relating to the transfer of these funds, [REDACTED] acknowledged she had pulled and taken some of these documents out of the bank. She took these records so it would reduce the chance of her getting caught taking the money. [REDACTED] stated that in her own mind, she intended to pay back the money she had taken from the bank. When asked if she had ever made any repayments, [REDACTED] responded that she had probably not done so. [REDACTED] stated she feels responsible for her actions in taking money from the bank and wants to make the situation right and wants to pay back the bank for what she took.

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[REDACTED] expressed her concerns about what would happen next with the case and that she had not told [REDACTED] or other family members about taking money from the bank. SA [REDACTED] told [REDACTED] that upon completion of the investigation, the case would be referred to the United States Attorney's Office (USAO) for a prosecutive decision. SA [REDACTED] assured [REDACTED] that he would make the level of her cooperation known to the USAO, he would inform [REDACTED] if an arrest warrant was issued in the future, and he would not contact any family members. [REDACTED] provided her work telephone number as [REDACTED] as a future point of contact.

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29B-OM-45866

Continuation of FD-302 of

[Redacted]

, On 08/06/02

, Page 5

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When [Redacted] asked if she could contact the interviewing Agent, SA [Redacted] provided her with a business card and told [Redacted] she was free to contact him at any time. The interview ended at approximately 6:00 p.m.

August 13, 2002

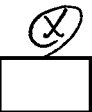
Dear

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I would like to thank you for your patience with me during our last meeting. You have been very nice and understanding with me and I feel that I can truly trust you.



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I am sorry for bothering you, but hope that you can find it in your heart to trust me.

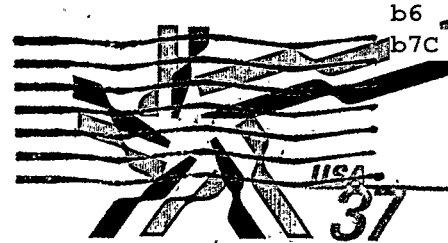
Thank You,



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8/27/02

29B-om-45866-27



501 Sycamore, Suite 614
PO Box 1673
Waterloo, IA 50704-1673



**THIS ENVELOPE IS RECYCLABLE AND MADE WITH 100%
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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 08/25/2002

To: Omaha

From: Omaha

Waterloo RA

Contact: SA [REDACTED]

[REDACTED] ved By: [REDACTED]

[REDACTED] ed By: [REDACTED]

Case ID #: 29B-OM-45866-28 (Pending)

Title: [REDACTED]

CITIZENS STATE BANK,
POSTVILLE, IOWA - VICTIM;
FIF

Synopsis: Summary report of investigation for the United States Attorney's Office.

Details: SUBJECT INFORMATION:

[REDACTED]

[REDACTED] has no prior criminal history.

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9/4/02

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To: Omaha From: Omaha
Re: 29B-OM-45866, 08/25/2002

VICTIM INFORMATION:

[redacted]
Citizens State Bank
100 N. Lawler Street
P.O. Box 190
Postville, IA 52162

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[redacted]
Case was opened during January, 1999 [redacted]

[redacted]
[redacted] During this time period, the CSB
President was [redacted] subsequently sold his
ownership interest in CSB during October, 1999, and CSB's current
President is [redacted]

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By way of background, subject [redacted]
began working at the CSB [redacted]

[redacted] On January 25,
1999, [redacted] confronted [redacted] about some missing pages of a
report. [redacted] admitted she had been manipulating bank funds
and records on behalf of a customer, Agriprocessors, Inc. (AI).
Part of [redacted] job responsibilities at CSB was to manage the
AI account.

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AI is a kosher meat packing plant located in Postville,
Iowa. AI is owned by [redacted]
[redacted] AI is run in Postville by [redacted]
[redacted] AI has banked with CSB for approximately ten
years. About ten years ago, [redacted]
[redacted] was instrumental in bringing AI to Postville, when
AI opened its facility in a meat packing plant that had been
closed for several years. AI is a major employer in Postville,
employing approximately 300 people, including [redacted]
[redacted]

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Investigation determined that AI wrote checks from bank
accounts it held in New York banks (CitiBank and Republic
National Bank). These checks were made payable to "Rubashkin
Meats" and were deposited into its main disbursing account at
CSB. When these checks were returned by the New York banks
because of insufficient funds, rather than reversing or taking
the funds out of AI's account at CSB (for which AI had received
credit at the time of deposit), [redacted] either transferred money
from CSB's Federal Funds Account (FFA) or maintained the amount
of the checks as reconciling items in CSB's Corresponding Bank
Account (CBA) at Firststar Bank (FB). [redacted] physically held
these checks by hiding them in her desk.

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To: Omaha From: Omaha
Re: 29B-OM-45866, 08/25/2002

[redacted] made admissions concerning this scheme to [redacted] and [redacted] on January 25, 1999. [redacted] employment at CSB was terminated on this date. A subject interview of [redacted] was conducted by SA [redacted] on February 8, 1999. [redacted] admitted to holding insufficient fund checks for AI, and she did so at the request of [redacted]. [redacted] stated that [redacted] were all aware of this scheme, as she had conversations with each of them. [redacted] claimed she received nothing of value in return for her actions, and she held checks in order to help out AI, which was a large employer in town.

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CSB hired the accounting firm of McGladrey & Pullen (MP) to review its books. MP determined that insufficient funds checks written by AI, and held by [redacted] totaled \$2,164,250.53. AI repaid CSB for the entire amount, leaving no loss to CSB. It was noted by MP that four AI checks had been originally deposited into the FFA with a corresponding entry made to increase AI's deposit account. These checks were written for \$250,000.00, \$150,000.00, \$245,000.00 and \$495,000.00 (total of \$1,140,000.00). When these checks were returned due to insufficient funds, the checks were not subtracted from AI's deposit account, causing a reconciling item on the bank's general ledger FFA. CSB employee [redacted] was interviewed on 4/18/02 concerning this issue, and she provided photocopies of bank records related to false entries made by [redacted] to the FFA account. By debiting the FFA account, rather than debiting AI's account, [redacted] inflated the balance of CSB's assets on its general ledger.

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On February 22, 1999, a Federal Grand Jury subpoena was directed to [redacted]

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While conducting additional research into this matter during 2002, CSB employees found a series of transactions that transferred money from two general ledger accounts that CSB uses to record income (Overdraft & Penalties Income Account) and (Check Order Income Account) into two accounts owned by [redacted] (joint checking account [redacted] and (personal checking account [redacted] closed in 1998). CSB personnel reviewed records from October, 1992 until January, 1999, and determined that [redacted] had transferred \$78,369.00 from these income accounts into her own accounts. Bank personnel identified [redacted] handwriting on debit and credit tickets. Research disclosed that some of the debit tickets (used to take money out of the income accounts) are missing, yet credit tickets and proof machine tapes exist for

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To: Omaha From: Omaha
Re: 29B-OM-45866, 08/25/2002

each transaction, showing the transfer of funds into [redacted] accounts.

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A Federal Grand Jury subpoena was issued to [redacted]

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SA [redacted] conducted a second subject interview of [redacted] on August 6, 2002. [redacted] admitted that she had stolen money from the bank by transferring it directly into her account. [redacted] did not keep track of how much money she took, and could only estimate it as "thousands of dollars". [redacted] stated [redacted] has no knowledge of this theft. [redacted] admitted that she took some debit tickets out the bank, in an effort to reduce her chance of getting caught. [redacted] noted that she stole money only from the bank, and not from any customer accounts. [redacted] stated she spent the money on day to day living expenses, and did not purchase any major asset with the stolen funds. [redacted] said she would like to pay the money back, however, was unable to explain why she had not disclosed this theft during her previous interview in 1999.

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CSB personnel have indicated that deposits at CSB were insured by the Federal Deposit Insurance Corporation (FDIC) through out the applicable time periods.

Attached documentation is organized as follows:

Section I : FD-302's relating to AI transactions.
Section II : Documents relating to AI transactions.
Section III : FD-302's relating to theft from CSB.
Section IV : Documents relating to theft from CSB.
Section V : Miscellaneous documents.

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/17/2002

Contact was made with [redacted] at AGRIPROCESSORS, INC. (AI), 220 West Street, Postville, Iowa. [redacted] was provided with the identity of the contacting Agent and was told the contact related to a series of AI transactions that occurred at CITIZENS STATE BANK (CSB) in Postville. [redacted] responded that he preferred to have the contacting Agent speak with his attorney. When asked for the identity of his attorney, [redacted] stated he did not have a retained attorney, but would now be hiring one in the near future. The contacting agent provided [redacted] with a business card, and requested that when hired, for the attorney to contact the Agent.

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[redacted] commented he was surprised by this contact, since he had received a letter from the CSB stating that everything had been taken care of, and also that these transactions occurred a couple of years ago.

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b7CInvestigation on 10/17/02 at Postville, IowaFile # 29B-OM-45866-30 Date dictated 10/17/02by SA [redacted]b6
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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/17/2002

Contact was made with [redacted] at AGRIPROCESSORS, INC. (AI), 220 West Street, Postville, Iowa. [redacted] was provided with the identity of the contacting Agent and was told the contact related to a series of AI transactions that occurred at CITIZENS STATE BANK (CSB) in Postville. [redacted] responded that he preferred to have the contacting Agent speak with his attorney. When asked for the identity of his attorney, [redacted] stated he did not have a retained attorney, but would now be hiring one in the near future. The contacting agent provided [redacted] with a business card, and requested that when hired, for the attorney to contact the Agent.

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[redacted] commented he was surprised by this contact, since he had received a letter from the CSB stating that everything had been taken care of, and also that these transactions occurred a couple of years ago.

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b7cInvestigation on 10/17/02 at Postville, IowaFile # 29B-OM-45866-30Date dictated 10/17/02by SA [redacted]b6
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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 04/14/2003

Contact was made with [REDACTED]
[REDACTED] CITIZENS STATE BANK (CSB), Postville, Iowa.
[REDACTED] advised she conducted additional research concerning four checks, check numbers 1728, 1755, 1803 and 1940, each drawn from an account in the name of AGRI PROCESSORS, INC. (API) at CITIBANK, Brooklyn, New York, account number [REDACTED] provided the following information:

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Concerning check number 1728 in the amount of \$150,000.00, [REDACTED] stated this check was deposited into an API savings account at CSB, account number [REDACTED] on June 1, 1998. CSB credited API's account for the check amount at the time of deposit. The check was subsequently returned to CSB on June 5, 1998 as a "stopped payment" check. Upon the return of this check, an entry to remove funds for the check amount from API's account was not made, and the returned check was accounted for as an outstanding item in the Correspondent Account, account number [REDACTED] from June 5 until June 16, 1998. On June 16, 1998, an entry relating to this check was made, crediting the Correspondent Account and debiting the Federal Funds Account, account number [REDACTED] for \$191,938.83. This entry included an amount of \$41,938.83, which was not related to this check.

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Concerning check number 1755 in the amount of \$250,000.00, [REDACTED] stated this check was deposited into the API savings account at CSB, account number [REDACTED] on June 24, 1998. CSB credited API's account for the check amount at the time of deposit. The check was subsequently returned to CSB on July 1, 1998 as a "stopped payment" check. Upon the return of this check, an entry to remove funds for the check amount from API's account was not made. On June 16, 1998, an entry relating to this check was made, crediting the Correspondent Account and debiting the Federal Funds Account for \$250,000.00. [REDACTED] added that while the Federal Funds Account entry pre-dated the date of deposit, this check may have been a replacement for a prior returned check, or the check may have been held at the bank prior to deposit.

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b7CInvestigation on 04/14/03 at Postville, Iowa (telephonically)File # 29B-OM-45866 - 31 Date dictated 04/14/03by SA [REDACTED]

104 [REDACTED] 302

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29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 04/14/03

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Concerning check number 1803 in the amount of \$245,000.00, [REDACTED] believes this check relates to a prior check, check number 1781, as this number is contained in the memo line portion of check number 1803. Check number 1781 was deposited into the Correspondent Account on July 17, 1998. On the same day, CSB made two wire transfers of \$160,000.00 and \$85,000.00, for a total of \$245,000.00 to the API account at CITIBANK, account number [REDACTED]. [REDACTED] believes that check number 1781 was returned to CSB sometime between July 17 and July 30, 1998, as on July 30, 1998, check number 1803 was deposited into the Correspondent Account. On August 5, 1998, check number 1803 was returned to CSB as a "stopped payment" check. Entries relating to this check were made on July 21 and August 12, 1998, crediting the Correspondent Account and debiting the Federal Funds Account.

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Concerning check number 1940 in the amount of \$495,000.00, [REDACTED] stated this check was deposited into the API savings account at CSB, account number [REDACTED] on October 23, 1998. CSB credited API's account for the check amount at the time of deposit. The check was subsequently returned to CSB on October 30, 1998 as a "refer to maker" check. Upon the return of this check, an entry to remove funds for the check amount from API's account was not made. On December 18, 1998, an entry relating to this check was made, crediting the Correspondent Account and debiting the Federal Funds Account for \$475,000.00.

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[REDACTED] noted her research into these checks was difficult due to missing records, and that these checks were part of a series of complicated transactions. [REDACTED] added the Federal Funds Account entries were not a legitimate way to properly account for API's returned checks, as API's account should have been charged for these items, not the Federal Funds Account.

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[REDACTED] stated CSB submitted a bond claim to KANSAS BANKERS SURETY (KBS), Topeka, Kansas, related to [REDACTED] embezzlement. CSB had a deductible of \$25,000.00 on its policy, and KBS reimbursed CSB for a loss amount of \$55,369.00.

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[REDACTED] advised the cost of time that she and [REDACTED] spent researching transactions conducted by [REDACTED] was estimated as \$2,718.00, with [REDACTED] time estimated at \$490.00, for a total of \$3,208.00.

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 04/14/2003

Contact was made with [REDACTED]

[REDACTED] CITIZENS STATE BANK (CSB), Postville, Iowa.

[REDACTED] advised she conducted additional research concerning four checks, check numbers 1728, 1755, 1803 and 1940, each drawn from an account in the name of AGRI PROCESSORS, INC. (API) at CITIBANK, Brooklyn, New York, account number [REDACTED] provided the following information:

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Concerning check number 1728 in the amount of \$150,000.00, [REDACTED] stated this check was deposited into an API savings account at CSB, account number [REDACTED] on June 1, 1998. CSB credited API's account for the check amount at the time of deposit. The check was subsequently returned to CSB on June 5, 1998 as a "stopped payment" check. Upon the return of this check, an entry to remove funds for the check amount from API's account was not made, and the returned check was accounted for as an outstanding item in the Correspondent Account, account number [REDACTED] from June 5 until June 16, 1998. On June 16, 1998, an entry relating to this check was made, crediting the Correspondent Account and debiting the Federal Funds Account, account number [REDACTED] for \$191,938.83. This entry included an amount of \$41,938.83, which was not related to this check.

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Concerning check number 1755 in the amount of \$250,000.00, [REDACTED] stated this check was deposited into the API savings account at CSB, account number [REDACTED] on June 24, 1998. CSB credited API's account for the check amount at the time of deposit. The check was subsequently returned to CSB on July 1, 1998 as a "stopped payment" check. Upon the return of this check, an entry to remove funds for the check amount from API's account was not made. On June 16, 1998, an entry relating to this check was made, crediting the Correspondent Account and debiting the Federal Funds Account for \$250,000.00. [REDACTED] added that while the Federal Funds Account entry pre-dated the date of deposit, this check may have been a replacement for a prior returned check, or the check may have been held at the bank prior to deposit.

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b7CInvestigation on 04/14/03 at Postville, Iowa (telephonically)File # 29B-OM-45866-31 Date dictated 04/14/03by SA [REDACTED]b6
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29B-OM-45866

Continuation of FD-302 of [REDACTED]

, On 04/14/03

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Concerning check number 1803 in the amount of \$245,000.00, [REDACTED] believes this check relates to a prior check, check number 1781, as this number is contained in the memo line portion of check number 1803. Check number 1781 was deposited into the Correspondent Account on July 17, 1998. On the same day, CSB made two wire transfers of \$160,000.00 and \$85,000.00, for a total of \$245,000.00, to the API account at CITIBANK, account number [REDACTED]. [REDACTED] believes that check number 1781 was returned to CSB sometime between July 17 and July 30, 1998, as on July 30, 1998, check number 1803 was deposited into the Correspondent Account. On August 5, 1998, check number 1803 was returned to CSB as a "stopped payment" check. Entries relating to this check were made on July 21 and August 12, 1998, crediting the Correspondent Account and debiting the Federal Funds Account.

b6
b7C

Concerning check number 1940 in the amount of \$495,000.00, [REDACTED] stated this check was deposited into the API savings account at CSB, account number [REDACTED] on October 23, 1998. CSB credited API's account for the check amount at the time of deposit. The check was subsequently returned to CSB on October 30, 1998 as a "refer to maker" check. Upon the return of this check, an entry to remove funds for the check amount from API's account was not made. On December 18, 1998, an entry relating to this check was made, crediting the Correspondent Account and debiting the Federal Funds Account for \$475,000.00.

b6
b7C

[REDACTED] noted her research into these checks was difficult due to missing records, and that these checks were part of a series of complicated transactions. [REDACTED] added the Federal Funds Account entries were not a legitimate way to properly account for API's returned checks, as API's account should have been charged for these items, not the Federal Funds Account.

b6
b7C

[REDACTED] stated CSB submitted a bond claim to KANSAS BANKERS SURETY (KBS), Topeka, Kansas, related to [REDACTED] embezzlement. CSB had a deductible of \$25,000.00 on its policy, and KBS reimbursed CSB for a loss amount of \$55,369.00.

b6
b7C

[REDACTED] advised the cost of time that she and [REDACTED] spent researching transactions conducted by [REDACTED] was estimated as \$2,718.00, with [REDACTED] time estimated at \$490.00, for a total of \$3,208.00.

b6
b7C

05/06/2003

***** INFORMATION *****

~~SENSITIVE~~/ UNCLASSIFIED

Case Number: 29B-OM-45866
 Serial No.: 32

Stat Agent Name:
 Stat Agent SOC.:

Report Date: 05/06/2003
 Accom Date.: 05/01/2003

Does Accomplishment Involve

 Drugs : N
 A Fugitive. : N
 Bankruptcy Fraud. : N
 Computer Fraud/Abuse. : N
 Corruption of Public Officials: N
 Money Laundering. : N

Assisting Agents SOC

Subject Name

RA	Squad	Task Force
----	----	-----
WT	6	

Sub. Invest. Asst by Other FOs:

1 = Used, but did not help
 2 = Helped, Minimally
 3 = Helped, Substantially
 4 = Absolutely Essential

Investigative Assistance or Technique Used

FINAN ANALYST	LAB DIV EXAMS	UCO-GROUP I	FT. MON-NRCSC
AIRCRAFT ASST	LAB FIELD SUP	UCO-GROUP II	FOR LANG ASST
COMPUTER ASST	PEN REGISTERS	UCO-OTHER	NON FBI LAB EX
CONSEN MONITR	PHOTO COVERGE	NCAVC/VI-CAP	VICT-WITN COOR
ELSUR/FISC	POLYGRAPH	CRIM/NS INTEL	IO WANTED FLYR
ELSUR/III	SRCH WAR EXEC	CRIS NEG-FED	SARS
ENG FIELD SUP	SHOW MONEY	CRIS NEG-LOC	CART
ENG TAPE EXAM	SOG ASST	ERT ASST	ASSET FORF PRO
LEGATS ASST.	SWAT TEAM	BUTTE-ITC	FORF SUPPORT P
EVIDNCE PURCH	TECH AG/EQUIP	SAVANNAH-ITC	
INFORMANT/CW	TEL TOLL RECS	POC-WRCSC	

Information is for Federal, Local, or International (F/L/I)....: F
 Serial Number of Information.....:

United States Code Violation

Title	Section	Counts
-----	-----	-----
18	1005	1
18	1344	1

Accomplishment Narrative

2- 29B-OM-45866 - 32

~~SENSITIVE~~/ UNCLASSIFIED

b6
 b7C
 b7E

b6
 b7C

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA
within 30 days from date of accomplishment)Date Prepared 5/2/03
Date Loaded 5-6-03
Data Loader's InitialsSquad supervisor approval
(please initial)Accomplishment involves:
(check all that apply)

- Drugs ☐
 A Fugitive ☐
 Bankruptcy Fraud ☐
 Computer Fraud/Abuse ☐
 Corruption of Public Officials ☐
 Money Laundering ☐
 Sub Invest Asst by FO (s) ☐

Asst. FO(s)
A, B, C, D

Task Force

File Number

29B-OM-45866

Stat Agent See See No

Stat Agent Name

RA

Squad

WRA6

Investigative Assistance or Technique Used

- 1-Used, but did not help 3 - Helped, substantially
 2 - Helped, minimally 4 - Absolutely essential
 For Sub. Invest. Assist. by other FO (s) indicate A,B,C,D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
		Fin. Analyst			Lab. Div. Exam			UCO - Group I			Ft. Mon. - ITC
		Aircraft Asst.			Lab. Field Sup			UCO - Group II			For. Lang Asst.
		Computer			Pen Registers			UCO - Nat. Back			Non FBI Lab Ex
		Consen Mon.			Photo Cover.			NCAVC / VI - CAP			Vict-Witn Coord
		Elsur / FISC			Polygraph			Crim/NS Intel Asst			IO Wanted Flyer
		Elsur / T. III			Search Warrant			Crisis Neg. - Fed.			SARs
		Eng. Field Spt.			Show Money			Crisis Neg. - Local			CART
		Eng. Tape Ex			SOG Asst.			ERT Asst.			Asset Forf Prog
		Legats Asst.			Swat Team			Butte - ITC			Forf Support Proj
		Evid Purchase			Tech. Ag/Equip.			Sav - ITC			
		Inf/CW Info			Phone Toll Rec			Poc - ITC			

A. Complaint / Information / Indictment

☒ Federal ☐ Local ☐ International

Complaint Date: _____

Check if Civil Rico Complaint ☐Information Date: 05/01/03

Indictment Date: _____

B. Locate/ Arrest

☐ Federal ☐ Local ☐ InternationalSubject Priority: ☐ A ☐ B ☐ C

Locate Date: _____

Arrest Date: _____

☐ Subject Resisted Arrest☐ Subject Arrested was Armed

C. Summons Date: _____

☐ Federal ☐ Local

D. Recovery/Restitution/PELP X

☐ Federal ☐ Local ☐ International

Recovery Date: _____

Code * ✓ Amount \$ _____Code * ✓ Amount \$ _____

Restitution Date: _____

☐ Court Ordered ☐ Pretrial DiversionCode * ✓ Amount \$ _____

PELP Date: _____

Code * ✓ Amount \$ _____

E. Hostage(s) Released Date: _____

Released by: ☐ Terrorist ☐ Other

Number of Hostages: _____

F. Conviction

☐ Federal ☐ Local ☐ International

Conviction Date: _____

Subject Description Code: _____ ()

For 6F, G, H-Include Agency Code

☐ Felony or ☐ Misdemeanor☐ Plea or ☐ Trial

State: _____ Judicial District: _____

G. U.S. Code Violation

Required for sections A,B,F,and J

(Federal Only)

Title Section # Counts

18 1005 118 1344 1

H. Sentence Date: _____

Sentence Type: _____

In Jail: Years _____ Months _____

Suspended: Years _____ Months _____

Probation: Years _____ Months _____

Fines: \$ _____

I. Disruption/Dismantlement: ✓

Disruption Date: _____

Dismantlement Date: _____

Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date: _____

Also Complete "Section G"

Other Civil Matters Date: _____

Judgment _____

Judicial Outcome _____ *x

Amount \$ _____

Suspension: Years _____ Months _____

K. Administrative Sanction Date: _____

Subject Description Code _____

Type: _____ Length: _____

☐ Suspension ☐ Permanent☐ Debarment or☐ Injunction Year _____ Months _____

L. Asset Seizure Date: _____

Asset Forfeiture Date: _____

CATS # Mandatory _____

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate \$ value in Section D

M. Acquittal/Dismissal/Pretrial Diversion

(circle one) Date: _____

N. Drug Seizures ✓ Date: _____

Drug Code * _____

Weight _____ Code * _____

FDIN _____

Do not indicate \$ value in Section D

O. Child Victim Information

Child located/identified Date: _____

☐ Living ☐ Deceased

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L, and N.

Name _____ Race * _____ Sex _____ Date of Birth _____ Social Security No. (if available) _____

For Indictments/Convictions only:

- ☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
☐ Subject related to an OC/Drug Organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

- x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.
 • See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over \$1m and PELP over \$5, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

32

b6

b7C

b7E

b6

b7C

b6

b7C

For Further Instructions See: MAOP, Part II, Sections 3-5 thru 3-5.3.

PROPERTY CODES

01 Cash
02 Stocks, Bonds or Negot. Instruments
03 General Retail Merchandise
04 Vehicles
05 Heavy Machinery & Equipment
06 Aircraft
07 Jewelry
08 Vessels
09 Art, Antiques or Rare Collections
11 Real Property
20 All Other

SENTENCE TYPES

CP Capital Punishment
JS Jail Sentence
LP Life Parole
LS Life Sentence
NS No Sentence (Subject is a Fugitive, Insane, has Died, or is a Corporation)
PB Probation
SJ Suspension of Jail Sentence
YC Youth Correction Act

PELP CODES

22 Counterfeit
Stocks/Bonds/Currency/
Negotiable Instruments
23 Counterfeit/Pirated Sound
Recordings or Motion Pictures
24 Bank Theft Scheme Aborted
25 Ransom, Extortion or Bribe
Demand Aborted
26 Theft From or Fraud Against
Government Scheme Aborted
27 Commercial or Industrial
Theft Scheme Aborted
30 All Other

RACE CODES

A Asian/Pacific Islander
B Black
I Indian/American
U Unknown
W White
X Nonindividual

AGENCY CODES

AFOIS Air Force Office of Special Investigations
ACIS Army Criminal Investigative Service
BATF Bureau of Alcohol, Tobacco & Firearms
BIA Bureau of Indian Affairs
DCAA Defense Contract Audit Agency
DCIS Defense Criminal Investigative Service
DEA Drug Enforcement Administration
DOC Department of Corrections
DOI Dept. of Interior
EPA Environmental Protection Agency
FAA Federal Aviation Administration
FDA Food and Drug Administration
HHS Dept. of Health & Human Services
HUD Dept. of Housing & Urban Development
INS Immigration and Naturalization Service
IRS Internal Revenue Service
NASA Nat'l Aeronautics & Space Admin
NBIS Nat'l NARC Border Interdiction
NCIS Naval Criminal Investigative Service
RCMP Royal Canadian Mounted Police
SBA Small Business Administration
USBP U.S. Border Patrol
USCG U.S. Coast Guard
USCS U.S. Customs Service
USDS U.S. Department of State
USMS U.S. Marshals Service
USPS U.S. Postal Service
USSS U.S. Secret Service
USTR U.S. Treasury
LOC Local
CITY City
COUN County
ST State
OTHR Other

JUDGMENT CODES

CJ Consent Judgment
CO Court Ordered Settlement
DF Default Judgment
DI Dismissal
JN Judgment Notwithstanding
MV Mixed Verdict
SJ Summary Judgment
VD Verdict for Defendant
VP Verdict for Plaintiff

JUDICIAL OUTCOME

AG Agreement
BR Barred/Removed
CC Civil Contempt
DC Disciplinary Charges
FI Fine
PI Preliminary Injunction
PR Temporary Restraining Order
PS Pre-filing Settlement
RN Restitution
SP Suspension
VR Voluntary Resignation
OT Other

DRUG CODES

COC Cocaine
HER Heroin
HSH Hashish
KAT Khat
LSD LSD
MAR Marijuana
MDM Methylenedioxymethamphetamine
MET Methamphetamine
MOR Morphine
OPM Opium
OTD Other drugs

DRUG WEIGHT CODES

GM Gram(s)
KG Kilogram(s)
L Liter(s)
ML Milliliter(s)
P Plant(s)
DU Dosage Unit(s)

SUBJECT DESCRIPTION CODES

ORGANIZED CRIME SUBJECTS

1F Boss
1G Underboss
1H Consigliere
1J Acting Boss
1K Capodecina
1L Soldier

KNOWN CRIMINALS

2A Top Ten or I.O. Fugitive
2B Top Thief
2C Top Con Man

FOREIGN NATIONALS

3A Legal Alien
3B Illegal Alien
3C Foreign Official W/out
Diplomatic Immunity
3D U.N. Employee W/out
Diplomatic Immunity
3E Foreign Student
3F All Others

TERRORISTS

4A Known Member of a
Terrorist Organization
4B Possible Terrorist Member
or Sympathizer

UNION MEMBERS

5D President
5E Vice-President
5F Treasurer
5G Secretary/Treasurer
5H Executive Board Member
5I Business Agent
5J Representative
5K Organizer
5L Business Manager
5M Financial Secretary
5N Recording Secretary
5P Office Manager
5Q Clerk
5R Shop Steward
5S Member
5T Trustee
5U Other

GOVERNMENT SUBJECTS

(6F, 6G, 6H- Include Agency Code)

6A Presidential Appointee
6B U.S. Senator/Staff
6C U.S. Representative/Staff
6D Federal Judge/Magistrate
6E Federal Prosecutor
6F Federal Law Enforcement Officer
6G Federal Employee - GS 13 & Above
6H Federal Employee - GS 12 & Below
6J Governor
6K Lt. Governor
6L State Legislator
6M State Judge/Magistrate
6N State Prosecutor

Continuation of GOVERNMENT SUBJECTS

6S Local Legislator
6T Local Judge/Magistrate
6U Local Prosecutor
6V Local Law Enforcement Officer
6W 6P
State Law Enforcement Officer
6Q State - All Others
6R Mayor Local - All Others
6X County Commissioner
6Y City Councilman

BANK EMPLOYEES

7A Bank Officer
7B Bank Employee

OTHERS

8A All Other Subjects
8B Company or Corporation

CHILD PREDATORS

9A Child Care provider
9B Clergy
9C Athletic Coach
9D Teacher/Aide
9E Law Enforcement Personnel
9F Counselor
9G Relative
9H Stranger
9I Other

FILED
U.S. DISTRICT COURT
NORTHERN DISTRICT OF IOWA
2003 MAY -1 PM 3:59
CEDAR RAPIDS HQTRS. OFFICE

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF IOWA
EASTERN DIVISION

BY _____

UNITED STATES OF AMERICA,

Plaintiff,

vs.

TERESA DOWNING,

Defendant.

No. CR 03-1011-LRR

Count 1: 18 U.S.C. § 1005

Count 2: 18 U.S.C. §1344(1)

COUNT 1

On or about June 1, 1998, and continuing through December 31, 1998, in the Northern District of Iowa the defendant, TERESA JEANNE DOWNING, while employed as the Cashier of the Citizens State Bank in Postville, Iowa, a financial institution whose deposits are insured by the Federal Deposit Insurance Corporation, made materially false entries in the books, reports and statements of the bank with intent to benefit bank customer Agri Processors, Inc. and to deceive the bank officers, to wit: by not debiting Agri Processors, Inc.'s savings account after payment on previously deposited checks of \$150,000, \$250,000, \$495,000, and \$245,000, totaling \$1,140,000, drawn on an Agri Processors, Inc. Citibank checking account in Brooklyn, New York, was stopped for insufficient funds and by then making false corresponding adjustments in the bank's Correspondent Account and Federal Funds Sold Account to hide the insufficient funds problem, resulting in unauthorized loans from Citizens State Bank to Agri Processors, Inc.

All this was in violation of Title 18, United States Codes, Section 1005.

COUNT 2

On or about October 1, 1992, through and including January 25, 1999, in the Northern District of Iowa, the defendant, TERESA JEANNE DOWNING, while employed as the Cashier of the Citizens State Bank in Postville, Iowa, a financial institution whose deposits are insured by the Federal Deposit Insurance Corporation, devised and intended to devise a scheme and artifice to defraud Citizens State Bank by embezzling money from the bank's own accounts.

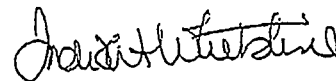
Defendant knowingly executed and attempted to execute the scheme and artifice to defraud by routinely transferring small amounts of money, such as \$100, from the bank's Overdraft Income Account and Check Order Income Account, without authorization to do so, and depositing the money into her personal checking account, number 448-833, and joint checking account, number 429-798, for her personal use, resulting in the embezzlement of \$78,369.

This was in violation of Title 18, United States Code, Section 1344(1).

Respectfully submitted,

CHARLES W. LARSON, SR.
United States Attorney

By,



JUDITH A. WHETSTINE
Assistant United States Attorney
P. O. Box 74950
Cedar Rapids, IA 52407
319-363-0091
319-363-1990 (Fax)



U.S. Department of Justice

United States Attorney

Northern District of Iowa

PRESS RELEASE

For further information contact:
Judith A. Whetstine
(319) 363-0091
Cedar Rapids, Iowa

FOR IMMEDIATE RELEASE
Date: May 1, 2003

FORMER CITIZENS STATE BANK EMPLOYEE CHARGED WITH BANK FRAUD

United States Attorney CHARLES W. LARSON, SR. announced today that **TERESA DOWNING**, from Postville, Iowa, has been charged with two counts of bank fraud. The charges are contained in an Information filed today in United States District Court in Cedar Rapids.

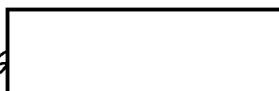
The Information alleges that on or about June 1, 1998, and continuing through December 31, 1998, the defendant made materially false entries in the books, reports and statements of the bank to benefit bank customer Agri Processors, Inc. and to deceive bank officers. Defendant also devised a scheme to defraud Citizens State Bank by embezzling money from the bank's own accounts. **DOWNING** faces a maximum penalty of 30 years imprisonment or a \$1,000,000 fine, or both for each count.

This case is being prosecuted by Assistant United States Attorney Judith A. Whetstine and investigated by the Federal Bureau of Investigation.

As with any criminal case, a charge is merely an accusation and a defendant is presumed innocent until and unless proven guilty.

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b7c

298-01-45866-34

C/A 

*United States Attorney's Office
Northern District of Iowa*



PRESS RELEASE

FOR IMMEDIATE RELEASE
Date: May 12, 2003

For further information contact:
Judith A. Whetstine
(319) 363-0091
Cedar Rapids, Iowa

FORMER CITIZENS STATE BANK EMPLOYEE PLEADS GUILTY TO BANK FRAUD

United States Attorney Charles W. Larson, Sr. announced that **TERESA DOWNING**, 42, from Postville, Iowa, a former Citizens State Bank employee, pled guilty to two counts of bank fraud today in federal court in Cedar Rapids.

At the plea hearing, **DOWNING** admitted that during 1998, at the request of a representative of Agri Processors, Inc., she made false entries in the bank's records. **DOWNING** hid the fact that checks, written on Agri Processors, Inc. accounts in New York and then deposited into the company's account at Citizens State Bank, were not sufficient to cover the deposits. She hid these insufficient funds checks by not debiting the Agri Processors account. This resulted in unauthorized loans to Agri Processors, Inc. The checks involved totaled \$1,140,000. Defendant also admitted embezzling a total of \$78,369 from the bank's own accounts for her personal use during the time period of 1992 through February of 1999.

Sentencing before United States District Court Judge Linda Reade will be set after a presentence report is prepared. **DOWNING** was released pending sentencing. On each count **DOWNING** faces a possible maximum sentence of 30 years imprisonment, a \$1,000,000 fine, \$100 in special assessment, and up to 5 years of supervised release following any imprisonment.

The case is being prosecuted by Assistant United States Attorney Judith A. Whetstine and was investigated by the Federal Bureau of Investigation.

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-30-

2 - 298-OM-45866 - 35

C/A



05/20/2003

***** CONVICTION *****

~~SENSITIVE~~ / UNCLASSIFIEDCase Number: 29B-OM-45866
Serial No.: 36Stat Agent Name: [REDACTED]
Stat Agent SOC: [REDACTED]Report Date: 05/20/2003
Accom Date.: 05/12/2003

Does Accomplishment Involve

Drugs : N
A Fugitive. : N
Bankruptcy Fraud. : N
Computer Fraud/Abuse. : N
Corruption of Public Officials: N
Money Laundering. : N

Assisting Agents SOC

Subject Name

RA Squad Task Force

WT 6

Sub. Invest. Asst by Other FOs:

Investigative Assistance or Technique Used

FINAN ANALYST	LAB DIV EXAMS	UCO-GROUP I	FT. MON-NRCSC
AIRCRAFT ASST	LAB FIELD SUP	UCO-GROUP II	FOR LANG ASST
COMPUTER ASST	PEN REGISTERS	UCO-OTHER	NON FBI LAB EX
CONSEN MONITR	PHOTO COVERGE	NCAVC/VI-CAP	VICT-WITN COOR
ELSUR/FISC	POLYGRAPH	CRIM/NS INTEL	IO WANTED FLYR
ELSUR/III	SRCH WAR EXEC	CRIS NEG-FED	SARS
ENG FIELD SUP	SHOW MONEY	CRIS NEG-LOC	CART
ENG TAPE EXAM	SOG ASST	ERT ASST	ASSET FORF PRO
LEGATS ASST.	SWAT TEAM	BUTTE-ITC	FORF SUPPORT P
EVIDNCE PURCH	TECH AG/EQUIP	SAVANNAH-ITC	
INFORMANT/CW	TEL TOLL RECS	POC-WRCSC	

1 = Used, but did not help
2 = Helped, Minimally
3 = Helped, Substantially
4 = Absolutely Essential

Date of Conviction (MM/DD/YYYY) : 05/12/2003

Federal, Local, or International (F/L/I) : F
Felony or Misdemeanor (F/M) : F

Plea or Trial (P/T) : P
Judicial State. : IA
Judicial District : NDI

U. S. Code Violation(s)

Title	Section	Counts
18	1005	1
18	1344	1

Form FD-515a:
Subject's Role =

Accomplishment Narrative

2 - 29B-OM-45866 - 36

b6
b7C
b7E

b7E

b6
b7C

Accomplishment Report

(Accomplishment must be reported and loaded into ISRAA within 30 days from date of accomplishment)

Date Prepared 05/19/03Date Loaded 05/20/03Data Loader's Initials [initials]Squad supervisor approval
(please initial)Accomplishment involves:
(check all that apply)

- Drugs ☐
 A Fugitive ☐
 Bankruptcy Fraud ☐
 Computer Fraud/Abuse ☐
 Corruption of Public Officials ☐
 Money Laundering ☐
 Sub Invest Asst by FO (s) ☐

Asst. FO(s) , , ,
A, B, C, D

Task Force

File Number

29B-OM-45866

Stat Agent Sec. No.

Stat Agent Name

RA

Squad

URA6

Investigative Assistance or Technique Used

- 1-Used, but did not help 3 - Helped, substantially
 2 - Helped, minimally 4 - Absolutely essential
 For Sub. Invest. Assist. by other FO (s) indicate A,B,C,D for corresponding FO

Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT	Rate	FO	IAT
	Fin. Analyst			Lab. Div. Exam			UCO - Group I			Ft. Mon.- ITC	
	Aircraft Asst.			Lab. Field Sup			UCO - Group II			For. Lang Asst.	
	Computer			Pen Registers			UCO - Nat. Back			Non FBI Lab Ex	
	Consen Mon.			Photo Cover.			NCAVC / VI - CAP			Vict-Witn Coor	
	Elsur / FISC			Polygraph			Crim/NS Intel Asst			IO Wanted Flyer	
	Elsur / T. III			Search Warrant			Crisis Neg. - Fed.			SARs	
	Eng. Field Spt.			Show Money			Crisis Neg. - Local			CART	
	Eng. Tape Ex			SOG Asst.			ERT Asst.			Asset Forf Prog	
	Legats Asst.			Swat Team			Butte - ITC			Forf Support Proj	
	Evid Purchase			Tech. Ag/Equip.			Sav - ITC				
	Inf/CW Info			Phone Toll Rec			Poc - ITC				

A. Complaint / Information / Indictment

☐ Federal ☐ Local ☐ InternationalComplaint Date: Check if Civil Rico Complaint ☐Information Date: Indictment Date:

B. Locate/ Arrest

☐ Federal ☐ Local ☐ InternationalSubject Priority: ☐ A ☐ B ☐ CLocate Date: Arrest Date: ☐ Subject Resisted Arrest☐ Subject Arrested was Armed

C. Summons Date:

☐ Federal ☐ Local

D. Recovery/Restitution/PELP X

☐ Federal ☐ Local ☐ InternationalRecovery Date: Code * ✓ Amount \$ Code * ✓ Amount \$ Restitution Date: ☐ Court Ordered ☐ Pretrial DiversionCode * ✓ Amount \$ PELP Date: Code * ✓ Amount \$

E. Hostage(s) Released Date:

Released by: ☐ Terrorist ☐ OtherNumber of Hostages:

F. Conviction

☒ Federal ☐ Local ☐ InternationalConviction Date: 05/12/03

For 6F, G, H-Include Agency Code

☒ Felony or ☐ Misdemeanor☒ Plea or ☐ TrialState: IA Judicial District: NDI

G. U.S. Code Violation

Required for sections A,B,F,and J
(Federal Only)

Title	Section	# Counts
<u>18</u>	<u>1005</u>	<u>1</u>
<u>18</u>	<u>1344</u>	<u>1</u>

H. Sentence Date:

Sentence Type: In Jail: Years Months Suspended: Years Months Probation: Years Months Fines: \$

I. Disruption/Dismantlement: ✓

Disruption Date: Dismantlement Date:

Completion of FD-515a Side 2 Mandatory

J. Civil Rico Matters Date:

Also Complete "Section G"

Other Civil Matters Date: Judgment Judicial Outcome *xAmount \$ Suspension: Years Months K. Administrative Sanction Date: Subject Description Code Type: Length: ☐ Suspension ☐ Permanent☐ Debarment or ☐ Injunction Year Months L. Asset Seizure Date: Asset Forfeiture Date: CATS # Mandatory

Circle below one of the three asset forfeiture:

Admin, Civil Judicial, or Criminal

Do not indicate \$ value in Section D

M. Acquittal/Dismissal/Pretrial Diversion

(circle one) Date: N. Drug Seizures ✓ Date: Drug Code * Weight Code * FDIN

Do not indicate \$ value in Section D

O. Child Victim Information

Child located/identified Date: ☐ Living ☐ Deceased

P. Subject Information - Required for all blocks excluding block D (Recovery/PELP), blocks E, I, L, and N.

Name	Race *	Sex	Date of Birth	Social Security No. (if available)
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For Indictments/Convictions only:

- ☐ Subject related to an LCN, Asian Organized Crime (AOC), Italian Organized Crime (IOC), Russian/Eastern European, Caribbean, or Nigerian Organized Crime Group - Complete FD-515a, Side 1 Blocks A-E mandatory, F-H as appropriate.
- ☐ Subject related to an OC/Drug Organization, a VCMO Program National Gang Strategy target group, or a VCMO Program National Priority Initiative target group - Complete FD-515a, Side 1 Blocks A-C only.

x Additional information may be added by attaching another form or a plain sheet of paper for additional entries.

• See codes on reverse side.

✓ Requires that an explanation be attached and loaded into ISRAA for recovery over \$1m and PELP over \$5, disruption, dismantlement, and drug seizures.

Serial No. of FD-515

36b6
b7C
b7Eb6
b7C
b7Eb6
b7C

For Further Instructions See: MAOP, Part II, Sections 3-5 thru 3-5.3.

PROPERTY CODES

01 Cash
02 Stocks, Bonds or Negot. Instruments
03 General Retail Merchandise
04 Vehicles
05 Heavy Machinery & Equipment
06 Aircraft
07 Jewelry
08 Vessels
09 Art, Antiques or Rare Collections
11 Real Property
20 All Other

SENTENCE TYPES

CP Capital Punishment
JS Jail Sentence
LP Life Parole
LS Life Sentence
NS No Sentence (Subject is a Fugitive, Insane, has Died, or is a Corporation)
PB Probation
SJ Suspension of Jail Sentence
YC Youth Correction Act

PELP CODES

22 Counterfeit
Stocks/Bonds/Currency/
Negotiable Instruments
23 Counterfeit/Pirated Sound
Recordings or Motion Pictures
24 Bank Theft Scheme Aborted
25 Ransom, Extortion or Bribe
Demand Aborted
26 Theft From or Fraud Against
Government Scheme Aborted
27 Commercial or Industrial
Theft Scheme Aborted
30 All Other

RACE CODES

A Asian/Pacific Islander
B Black
I Indian/American
U Unknown
W White
X Nonindividual

AGENCY CODES

AFOIS Air Force Office of Special Investigations
ACIS Army Criminal Investigative Service
BATF Bureau of Alcohol, Tobacco & Firearms
BIA Bureau of Indian Affairs
DCAA Defense Contract Audit Agency
DCIS Defense Criminal Investigative Service
DEA Drug Enforcement Administration
DOC Department of Corrections
DOI Dept. of Interior
EPA Environmental Protection Agency
FAA Federal Aviation Administration
FDA Food and Drug Administration
HHS Dept. of Health & Human Services
HUD Dept. of Housing & Urban Development
INS Immigration and Naturalization Service
IRS Internal Revenue Service
NASA Nat'l Aeronautics & Space Admin
NBIS Nat'l NARC Border Interdiction
NCIS Naval Criminal Investigative Service
RCMP Royal Canadian Mounted Police
SBA Small Business Administration
USBP U.S. Border Patrol
USCG U.S. Coast Guard
USCS U.S. Customs Service
USDS U.S. Department of State
USMS U.S. Marshals Service
USPS U.S. Postal Service
USSS U.S. Secret Service
USTR U.S. Treasury
LOC Local
CITY City
COUN County
ST State
OTHR Other

JUDGMENT CODES

CJ Consent Judgment
CO Court Ordered Settlement
DF Default Judgment
DI Dismissal
JN Judgment Notwithstanding
MV Mixed Verdict
SJ Summary Judgment
VD Verdict for Defendant
VP Verdict for Plaintiff

JUDICIAL OUTCOME

AG Agreement
BR Barred/Removed
CC Civil Contempt
DC Disciplinary Charges
FI Fine
PI Preliminary Injunction
PR Temporary Restraining Order
PS Pre-filing Settlement
RN Restitution
SP Suspension
VR Voluntary Resignation
OT Other

DRUG CODES

COC Cocaine
HER Heroin
HSH Hashish
KAT Khat
LSD LSD
MAR Marijuana
MDM Methylenedioxymethamphetamine
MET Methamphetamine
MOR Morphine
OPM Opium
OTD Other drugs

DRUG WEIGHT CODES

GM Gram(s)
KG Kilogram(s)
L Liter(s)
ML Milliliter(s)
P Plant(s)
DU Dosage Unit(s)

SUBJECT DESCRIPTION CODES

ORGANIZED CRIME SUBJECTS

IF Boss
IG Underboss
IH Consigliere
IJ Acting Boss
IK Capodecina
IL Soldier

KNOWN CRIMINALS

2A Top Ten or I.O. Fugitive
2B Top Thief
2C Top Con Man

FOREIGN NATIONALS

3A Legal Alien
3B Illegal Alien
3C Foreign Official W/out
Diplomatic Immunity
3D U.N. Employee W/out
Diplomatic Immunity
3E Foreign Student
3F All Others

TERRORISTS

4A Known Member of a
Terrorist Organization
4B Possible Terrorist Member
or Sympathizer

UNION MEMBERS

5D President
5E Vice-President
5F Treasurer
5G Secretary/Treasurer
5H Executive Board Member
5I Business Agent
5J Representative
5K Organizer
5L Business Manager
5M Financial Secretary
5N Recording Secretary
5P Office Manager
5Q Clerk
5R Shop Steward
5S Member
5T Trustee
5U Other

GOVERNMENT SUBJECTS (6F, 6G, 6H- Include Agency Code)

6A Presidential Appointee
6B U.S. Senator/Staff
6C U.S. Representative/Staff
6D Federal Judge/Magistrate
6E Federal Prosecutor
6F Federal Law Enforcement Officer
6G Federal Employee - GS 13 & Above
6H Federal Employee - GS 12 & Below
6J Governor
6K Lt. Governor
6L State Legislator
6M State Judge/Magistrate
6N State Prosecutor

Continuation of GOVERNMENT SUBJECTS

6S Local Legislator
6T Local Judge/Magistrate
6U Local Prosecutor
6V Local Law Enforcement Officer
6W 6P
State Law Enforcement Officer
6Q State - All Others
6R Mayor Local - All Others
6X County Commissioner
6Y City Councilman

BANK EMPLOYEES

7A Bank Officer
7B Bank Employee

OTHERS

8A All Other Subjects
8B Company or Corporation

CHILD PREDATORS

9A Child Care provider
9B Clergy
9C Athletic Coach
9D Teacher/Aide
9E Law Enforcement Personnel
9F Counselor
9G Relative
9H Stranger
9I Other

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 07/16/2003

Pursuant to her plea agreement, [redacted] was interviewed at the United States Attorney's (USA) Office, Cedar Rapids, Iowa. Also present was [redacted] attorney, [redacted] and from the USA Office, [redacted] and [redacted] was advised of the identities of those present, and provided the following information:

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b7CInvestigation on 07/14/03 at Cedar Rapids, IowaFile # 29B-OM-45866-37 Date dictated 07/16/03by SA [redacted]

197 [redacted] 04.302